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ABSTRACT

In these hearings the Senate Committee on Labor and Education is seeking information from witnesses as to how programs operate and what can be done to improve the underlying assumptions and guidelines in the 1972 legislation and still retain the original goals and aspirations of the Congress concerning student assistance. (Author)

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HIGHER EDUCATION LEGISLATION, 1975

HEARINGS

BEFORE THE

SUBCOMMITTEE ON EDUCATION

OF THE

COMMITTEE ON
LABOR AND PUBLIC WELFARE
UNITED STATES SENATE

NINETY-FOURTH CONGRESS

FIRST SESSION

ON

OVERSIGHT AND INFORMATION CONCERNING STUDENT ASSISTANCE UNDER THE HIGHER EDUCATION ACT

Part 1

JUNE 10, 11, 12; JULY 15, 16, AND 17, 1975

U.S. DEPARTMENT OF HEALTH
EDUCATION & WELFARE
NATIONAL INSTITUTE OF
EDUCATION
[illegible]

HE 007 313

Printed for the use of the Committee on Labor and Public Welfare

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HIGHER EDUCATION LEGISLATION, 1975

Student Assistance

TUESDAY, JUNE 10, 1975

U.S. SENATE,
SUBCOMMITTEE ON EDUCATION OF THE
COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:02 a.m., in room 4232, Dirksen Senate Office Building, Hon. Claiborne Pell, subcommittee chairman, presiding.

Present: Senator Pell.

Committee staff present: Stephen J. Wexler, counsel; and Gregory Fusco, minority counsel.

Senator PELL. The hearing of the Subcommittee on Education will come to order. Today is the first of a series of hearings on higher education. The first 3 days will concern student assistance, title IV of the Higher Education Act. As some of you have noted, we are not having hearings on an introduced bill.

These hearings are in the nature of oversight and information. It is my view that the upcoming higher education legislation will hopefully be a simple extension of the existing legislation. The new and varied programs of student asistance enacted in the 1972 bill are now settling into operation. I believe that they should be given a few more years to grow. With more experience gained from their operation meaningful amendments could be considered. What we do intend in this year's higher education bill is to adjust the existing law and regulations so that the goals of the 1972 legislation can be more easily obtained.

We are seeking information from witnesses as to how the programs operate and what can be done to improve the underlying assumptions and guidelines in the 1972 legislation and still retain the original goals and aspirations of the Congress concerning student assistance. Therefore, we hope our witnesses will be frank and tell us where we have made errors and can improve the program. Indeed, it should be noted that I have not scheduled a variety of witnesses from around the country, but have limited the witness list to people with expertise and specific knowledge of the program.

To expedite our discussion, I will limit each witness to 10 minutes of oral testimony. I find that very often witnesses tend to read lengthy prepared statements, which are then inserted in the hearing record where they are of course read by people using the hearings for legislative purposes. Therefore, after 10 minutes the gavel will fall thus terminating presentation of the witness' statement.

Our first witness scheduled today is Charles Saunders, director of Office of Governmental Relations of the American Council on Education, who, unfortunately, cannot be with us, and we will now hear from Edson Sample, president of the National Association of Student Financial Aid Officers.

I would add that when I limit the verbal presentations to 10 minutes, that is in order that we can have more time for questions and answers, which is the way the chairman gets educated. Also, it should be understood that the full information will be in the record for those who want to study it.

And as those who are here in this chamber today can see, usually there is exactly one Senator here—that is me—and for that reason I would hope we could follow this custom.

STATEMENT OF EDSON W. SAMPLE, PRESIDENT, NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS, ACCOMPANIED BY ALLAN W. PURDY, DIRECTOR, NASFAA'S COMMISSION ON FEDERAL AND STATE PROGRAM RELATIONS, AND DIRECTOR OF FINANCIAL AID SERVICES, UNIVERSITY OF MISSOURI; AND DR. H. PALMER HOPKINS, DIRECTOR, OFFICE OF STUDENT AID, UNIVERSITY OF MARYLAND

Mr. SAMPLE. Thank you, Senator Pell.

I am Ed Sample, president of the National Association of Student Financial Aid Administrators (NASFAA), and university director of scholarships and financial aids at Indiana University.

On my left is Allan Purdy, Director of NASFAA's Commission on Federal and State Program Relations, and on my right is H. Palmer Hopkins, director of financial aid at the University of Maryland.

I would like to begin my statement, Mr. Chairman, following a brief tribute to Allan Purdy, who is retiring as chairman of our commission.

We do appreciate the opportunity to appear before you today to comment on the student assistance programs as they currently exist and how they might be modified in the future.

In previous testimony, representatives of NASFAA have outlined in considerable detail modifications which we feel are appropriate to make the existing programs more workable. In so doing, we have operated on the premise that the Congress has wisely fashioned essentially sound programs, and our previous proposals have been along lines of technical improvements.

The evidence will show, we believe, that the current programs of student assistance are doing a good job of providing aid to worthy and needy students. A very strong case can be made that these programs should be supported in their further development.

I would briefly call your attention to the work of the National Task Force on Student Aid Problems. It is my understanding that Francis Keppel will be testifying before you later on this subject.

In addition, under the initiative of the Office of Education, a second National Work Conference has recently been concluded.

This effort was sponsored by seven organizations, including NASFAA, and it, too, has produced a report containing recommendations for the improvement of the student assistance programs. Some of the suggestions of this group will require legislative change, and we hope that the subcommittee will consider these in its deliberations.

All of us want to work toward a partnership of student, institutional, State, and Federal efforts which will wisely use the taxpayers' dollars, private resources, and available family support to provide a logical pattern of postsecondary educational opportunity for all who can benefit from it.

Rather than sweeping changes, we feel that improvements to the programs already in operation is the best way to proceed.

BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM

The purpose of the basic educational opportunity grant (BEOG) program is to provide a floor upon which other financial aid is built. As such, the program objectives coincide with the goal of providing basic access to postsecondary education.

However, if the BEOG is to be the foundation, it must come first. Therefore, the Task Force calendar which results in earlier approval of BEOG recipients needs to be adopted.

Rather than basing the amount of the BEOG on actual costs, we suggest that consideration be given to basing it on average noninstructional costs. That is, the amount of the BEOG would be the national average noninstructional cost minus family support.

There are two primary reasons for this proposal:

(1) It is logical because the rationale for family contribution first draws upon the ability of the family to support the maintenance costs of the student, and

(2) It removes this form of support from institutional pricing policy.

Noninstructural costs are about the same throughout the Nation, and yearly updates should be made for inflationary or deflationary factors. The administration of this program would be greatly simplified by the adoption of this concept.

If this concept is not adopted, we hope that the law is changed to substitute the words "average costs" for "actual costs."

For example, many schools have variable actual costs of dormitory rates depending on single-room or double-room occupancy. The dollar difference may be minimal, but the administrative nuisance is a headache when students have not been given their room assignment or may be changing from one room to another.

This change will make for easier administration of the program while still carrying out congressional intent.

Senator PELL. That is for basic grants?

Mr. SAMPLE. Yes.

These comments now are on the basic grant program.

The subcommittee should consider removing the half-cost limitation, especially if it changes the basis of the award to noninstructional costs. The half-cost provision does reduce the size of BEOG's going to low-income students at low-cost schools.

The law requires the Office of Education to submit to the Congress for its approval the schedules of expected family contributions which take into account certain items which the Congress has specified.

It is our hope that the Office of Education and the Congress will adopt the consensus need analysis model developed by the national task force for all Federal programs. The result will be that we will have ony one national method for determining expected parental ability to pay.

NASFAA is quite concerned about the effective utilization of BEOG funds. Therefore, consideration should be given to eliminating the requirement to revise grants to students all across the Nation if the initial awarding process does not utilize all of the appropriated funds. We are as unhappy as you about the need to carry over funds.

But the legislative remedy of reawarding to students late in the school year is an administrative nightmare and to allow the funds to revert to the Treasury would deny students in the succeeding year of more adequate funding.

In the 1972 amendments establishing the BEOG program, the Congress wisely enacted language which requires funding of the three college-based programs at certain levels before the BEOG program can be funded. In order to preserve the college-based programs, we strongly recommend the continuation of threshold funding levels for the supplemental educational opportunity grant (SEOG), national direct student loan (NDSL), and college work-study (CWS) programs at appropriate amounts along with adequate BEOG funding.

NASFAA has attempted to persuade the Office of Education (OE) to provide the payment of an administrative cost allowance to institutions for the substantial amount of expenses incurred in the administration of this program. On three separate occasions, we have asked the Office of Education to provide for this payment, which it statutorily can make.

The most recent request, including supporting data, was sent to the OE on March 20, 1975. We have not, as of this date, received any official OE response.

I am pleased that the chairman of this subcommittee is supportive of this request and believes that it is within the legal authority of OE to provide for an administrative expense.

I hope, Mr. Chairman, that we both can persuade OE to allow this payment. If the OE does not, on its own, provide for this, NASFAA urges its specific inclusion in the new legislation.

SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT PROGRAM

We strongly recommend that the distinction between initial year moneys and continuing year funds be removed. We do not see any particular logic to this distinction, and it does cause administrative problems in using all of the funds effectively.

The present law restricts the amount of an SEOG to "one-half the sum of the total amount of student financial aid provided to such student." Subsequently, "student financial aid" is further defined, but the definition excludes several legitimate types of assistance which should be acceptable as "match" for SEOG.

We propose that the restrictions be removed altogether rather than expanding the definition. This section has always been subject to interpretation as to what is acceptable as constituting matching funds.

It is difficult to explain to a student, for example, that employment on campus is suitable match, but employment off campus is not, especially when the off campus job pays more.

We believe the SEOG program should be continued in essentially its current format since it can be utilized to help provide both access and choice of postsecondary institutions.

STATE STUDENT INCENTIVE GRANT PROGRAM

Although the State student incentive grant (SSIG) program is new and funding has been very low, there is potential for this program. The incentive feature, matching increased State spending with Federal dollars, can enlarge the amount of financial aid available.

Since access to postsecondary education is a shared Federal/State responsibility, the SSIG program is an excellent mechanism coupling these two governmental agencies.

NATIONAL DIRECT STUDENT LOAN PROGRAM

We suggest that all cancellation provisions be eliminated with the exception of cancellation for death and disability.

Students who have received prior loans with cancellation provisions should be protected by a grandfather provision and should be exempted from IRS taxation of principal and interest. Also, since the interest rate is established by statute, the provisions of "truth-in-lending" legislation are not required to protect the borrower.

The law currently provides for the transferability of 10 percent of CWS funds with the SEOG program and vice versa.

NASFAA recommends that the NDSL program be included in this transferability provision. This would add greatly to the financial aid administrator's ability to balance his financial aid program since, for example, appropriations levels for each of the three programs do not always bear the same ratios from 1 year to the next.

COLLEGE WORK-STUDY PROGRAM

In administering this program at the institutional level, it is very difficult to estimate the dollar usage in this program so that, at the end of the year, you have hit the mark and students have earned what has been allocated to the school.

With hundreds of students on the program earning varying rates of pay, and the constant dropping and adding of students to the program, to estimate with precision is almost impossible.

Therefore, we propose that institutions be allowed to carry over up to 10 percent of an allocation to the suceeding fiscal year or utilize up to 10 percent of the allocation for the succeeding fiscal year to meet current year obligations.

GUARANTEED STUDENT LOAN PROGRAM

We are distressed over the delinquency and default rates which this program is experiencing. Hopefully, some assistance in solving these problems can be found in legislative changes.

We support most of the proposals contained in legislation proposed by the administration to improve collections. The administration sponsored legislation would:

(1) Eliminate the defense of infancy.

(2) Allow repayment periods to be shortened when requested by the borrower.

(3) Allow for reduction of the minimum annual repayments in cases where both spouses have loans.

(4) Encourage lenders to make multiple disbursements.

(5) Require institutions to furnish upon request the latest known address and enrollment status of the borrower.

(6) Exempt educational loans from bankruptcy dischargeability during the in-school period and for the first 5 years of the repayment period.

(7) Eliminate proprietary schools as lenders.

In general, NASFAA can support all of these provisions with the exception of the last which prohibits all proprietary schools from participating as direct lenders. We are not prepared to endorse that provision until it has received further study.

We are more inclined to feel that institutions which are doing a good job should be permitted to remain as lenders and those not meeting reasonable standards should not.

A number of changes can be made to facilitate lender participation. A suggestion has been made to tie the special allowance to some automatic indicator so lenders will know in advance of the time lending occurs just how the special allowance will be calculated.

For example, a yield on student notes 3 percent above the quarterly average of 90-day Treasury bill yields would be a possibility.

Other suggestions for changes would extend the Federal payment of interest to cover the period between the time a default claim is filed and the time payment is actually paid; provide authority for the lender, at his option, to establish a graduated repayment plan; and provide for authority for a State agency or the OE to contract with the original lender for special collection efforts beyond the normal due diligence period, but prior to submitting a default claim.

From time to time, efforts have been made to eliminate institutional lenders from participation in the program. NASFAA is firmly committed to institutional lender participation.

Until such time as assurances can be made that every student who needs to borrow funds can obtain them—either from the school through the NDSL program or from commercial lenders under the guaranteed student loan (GSL) program—NASFAA will, no doubt, continue to hold to the position that institutions should have this program available for loans to students.

Institutional involvement in the administration of the GSL program when loans are made by commercial lenders is substantial. This occurs both at the front end before the loan is made, but also after the loan is made.

For example, it is absolutely essential to good collection effort that lenders be notified when the student is no longer in school.

We believe we have made the case to the Congress for an institutional administrative expense. Indeed, the conference report on the 1972 amendments did call for such payment, but the final legislation, which emerged from the conference committee, overlooked this.

New regulations, which have just become effective, which require institutions to perform activities to the satisfaction of the Commissioner of Education, makes the need for administrative cost reimbursement even more imperative.

Therefore, we urge the subcommitte to include in the new legislation a provision for an institutional administrative expense allowance.

Before leaving the subject of guaranteed student loans, I would like to make a personal observation to the subcommittee since NASFAA has not considered this proposition, but it seems to me that part of our default problem results from saddling student borrowers with excessively large amounts of debt.

The student aid programs which rest on need analysis require the parents to make contributions toward the educational expenses of their children. In many cases, especially in times of rapidly increasing inflation, or where there is adequate family financial strength but it is illiquid, it would be more appropriate for the loan to be made to the parents. Maybe an extension of the GSL program to parents should be considered or at least provide for parental cosigning of loan notes.

We have spoken of the need for an institutional administrative allowance for the BEOG program and for the GSL program. The SEOG, NDSL, and CWS programs now provide for a 3-percent allowance to a maximum of $125,000. This ceiling of $125,000 needs to be reconsidered and possibly removed. Also, perhaps the entire administrative expense need of institutions should be reviewed and an integrated program of administrative expense reimbursement be provided.

The present law requires an affidavit of educational purpose. The Office of Education has made the interpretation that affidavit means a notarized statement. The notarization process adds much confusion for the student and the institution alike, complicates the registration process in many schools, and generally makes administration of all Federal programs more difficult.

Yet, the notarization has no legal value except that the signature is witnessed by a notary public. It does not enhance or guarantee the sincerity of the signer. If such a statement is required in the new legislation, we hope that the Office of Education might be directed that a simple statement by the student will comply with this provision.

The issue of State allotment formulas and the Commissioner's discretionary fund needs to be addressed. There are inequities which arise, not only because there is more than one formula, but in the operations of the formulas themselves.

It would be most helpful if the Congress could ask the Office of Education for recommendations for changes which would be accompanied by substantiating data and impact studies.

The subcommittee needs to raise the authorization levels for all of the programs. Although appropriations have risen to levels approximating the full authorizations, there still exists a substantial need for additional Federal funds.

Therefore, so that the appropriations process will not be limited by unduly low authorization levels, we urge the subcommittee to raise them to more adequate amounts.

In conclusion, as stated in our opening remarks, we believe the existing programs have met the test of time and experience and have proven their worth.

Our suggestions today have been to indicate those areas where the existing legislation can remove administrative problems and strengthen the programs so that they can more effectively carry out the intent of the Congress.

NASFAA stands ready to continue to assist you in your work and hopes that we may provide additional information as you move toward extending and amending the Federal student assistance programs.

We will be happy to answer any questions you may have.

Senator Pell. Thank you very much indeed.

As you know, I think you have some justification for asking for administrative costs. While we do not necessarily support the amount you asked for, we have expressed our support of the concept in a letter to the Commissioner of Education.

In connection with the half cost provision, its elimination, how would you handle the problem where the total cost of education might be less than the basic grant, which would be the case if one went to a community college very nearby one's house?

Mr. Sample. I do not believe, Mr. Chairman, you would find many institutions now, if you include the living expenses of the student, where the cost of attendance would be less than the maximum basic grant.

Senator Pell. There could be circumstances where $1,400 would be——

Mr. Sample. I do not believe so, although I would ask Allan or Palmer if they know of any cases where the total institutional cost for a full-time student would be more than $1,400.

Mr. Purdy. The suggestion here is that the noninstructional cost be a nationwide figure that would not go up and down with fees or tuition, and it is assumed that with current inflation, the costs of maintaining a person in school is well above $1,400.

Senator Pell. What is the figure?

Mr. Purdy. We have heard figures more nearly around the $2,000 mark.

Senator Pell. Do you think there should be a geographical difference because, obviously, it costs more to keep a student in Maine or North Dakota than it does in Florida or Alabama this is an evident need just from the viewpoint of providing additional clothes to stay warm, additional calories to stay adequately fed, additional cost of heat in order not to freeze?

Mr. Purdy. There are indeed some regional differences. It is difficult to say how that should be adjusted. I am not prepared to say how that could be adjusted. We do not make such provisions in income tax and so forth.

It is hard to get a perfect justice in the world. We would have to strike at some sort of average.

Senator Pell. It is not only a question of justice. Speaking as one from one of the Northern States, as a rough rule of thumb you could probably say it costs a third to a half as much again to live in my State as it would to live in Alabama. This is a question which must be faced. I agree with you that we cannot quibble with little differences, but when it becomes this substantial. I think the concept of climatic differences should be cranked in somehow.

Now, as I understand it, your thought is that we have the basic grant, the floor, and that we build this program of supplemental grants, making a five-tier structure.

Mr. Purdy. There are State grants where those are existing today.

Senator Pell. Those would vary, obviously, again from State to State.

Mr. Purdy. They do.

Senator Pell. But from Federal viewpoint, there would really be a five-tier structure.

Mr. Purdy. Right.

Senator Pell. Would the sequence be basically this one, the basic grant, the supplemental grant, and then NDSL, and then guaranteed student loan program?

Mr. Purdy. I should think work-study would come in.

Senator Pell. Where would work-study come in, in your view?

Mr. Sample. It would not come last.

Senator Pell. Between supplemental educational opportunity grant program and national defense?

Mr. Sample. Typically, aid administrators attempt to provide as much grant assistance to a student as he possibly can, since that is most desirable.

Once you move beyond the grant level, we use the term "self-help" for loan and work. In many cases, the student is given an option of whether he would prefer to work now or to borrow now and pay later. It is a question of when he would prefer to pay for his education.

So, in many cases, we think of loan and work as interchangeable. And in some cases, work is preferable if the student also has a substantial need, in order to minimize the amount of his aggregate loan; indeed, work may be necessary to eliminate future repayment problems.

Senator Pell. There has been a good deal of discussion as to the cost of administering the student assistance.

You suggested $30 a head as the figure for the basic grant.

How did you arrive at that figure? What were the elements that went into it?

Mr. Sample. NASFAA conducted a survey of its member institutions, and the $30 cost figure is an average cost as a result of the survey.

And I believe, Mr. Chairman, we have provided you a summary table in our communication with you on that.

We will be glad to provide you with additional copies of the record, if you would like, as to how we determined the $30.

Senator Pell. We will have that table put in the record because we would like to have some evidence in the hearing record as to how you arrived at that figure.

[The information referred to appears in the appendix of part 2 on p. 1838.]

Senator Pell. Now, when you arrived at that figure for the basic grant, would you say that is the equivalent figure to administer National Direct Student Loan, the SEOG, CWS, and guaranteed student loan program?

Mr. Sample. No; we do not. I would expect that the cost of administering college-based programs is more, and that we would like to be able to provide you further data on the actual cost.

As you know, the 3-percent figure has been with us since about 1958, I suppose. Was it 1958 or 1965?

Mr. Hopkins. 1965.

Mr. Sample. It probably needs to be reexamined because costs have risen.

Senator Pell. Well, if you would submit any further material along this line, we would be most appreciative. Do you have any suggestions for simplifying basic grant mechanism? Do you think, for instance, that one application should cover all student assistance?

Mr. Sample. Yes. The National Task Force has developed a common application form, which could be used by the institutions and the Government if the Office of Education would accept use of that form.

It is our desire to encourage the reduction of the number of forms and complexity which students face in applying for aid through every means that we can.

Senator Pell. Would this form cover all five of the programs covered under the Federal level?

Mr. Sample. I could not speak for guaranteed student loan program since students are making applications to banks, and the needs of that program might require something different.

Senator Pell. It would cover the other four?

Mr. Sample. It would cover the other four.

Mr. Purdy. We are looking forward to a time when the student would not have to fill out four applications but can fill out one. And data ought to be consistent. It ought to be the same, so why have him fill it out four times?

Senator Pell. I see many students in the audience here nodding their heads, agreeing with you. I think it makes sense, too.

We will have the panel that developed the form here with us on Thursday, so I think we will ask them to put the form in the record at that time, not take away the shine from their presentation.

Do you have any other ideas with regard to simplicity? Because one of our thoughts in developing the basic grant was that it should be a simple form, simple program, designed to bring the concept of education as a matter of right, not privilege.

Mr. Sample. I think the move to the basic amount of the grant on noninstructional cost would certainly simplify things.

Senator Pell. You mean cut half the cost——

Mr. Sample. I am talking about the basic amount on noninstructional cost, rather than the cost of education. In other words, the law now says you must use the actual cost, so we have to know whether the student is in single room or double room in a dormitory.

Senator Pell. This is why you suggested the average cost rather than the actual cost?

Mr. Sample. That is correct. That would greatly simplify the administration and number of changes that are required.

Senator Pell. Would you define for us noninstructional course?

Mr. SAMPLE. We are talking about room, board, books and supplies, miscellaneous types of expenses that are incurred by the student. Everything except fees and tuition.

Senator PELL. Including transportation to and from the institution?

Mr. SAMPLE. Yes.

Mr. PURDY. Another thing that would greatly simplify the whole process is the timing. Of course, this is coming around, but we certainly started off with one of the worst possible circumstances, everything being very, very late so that the student was kept waiting, and there was constant revision.

When the basic grant does not get in until after other decisions are made, then we have to rearrange the State grants, the work, the loans, and so forth, so the timing on it, as you properly pointed out, is critical if this was meant to be the foundation.

Therefore, you always put the foundation down first.

All we can do in getting the timing in that sequence will be one of the greatest simplifications that we can move toward. Fortunately, the timing is not a matter of having to spend more money on the program. It is just a matter of getting set up to roll on schedule.

Senator PELL. What is your view with regard to making basic grants a State-run program?

Mr. PURDY. To make basic grants a State-run program?

Senator PELL. Yes.

Mr. PURDY. There are, I guess, half of the States that I believe could take that over very readily. Now, every State does not have a State grant program, but I think there is no reason why it should not have.

The fact is, I personally would like to promote it, and I would say that half of the States, but probably representing maybe 75 percent of the students, are pretty well set up to go that direcion now.

Mr. SAMPLE. I might add, Mr. Chairman, short of permitting the States actual operation of the program, a great deal could be done through coordination of State and Federal efforts in this regard. And there already is now a magnetic tape exchange with a number of States.

And, as you know, the form does provide that the student may authorize the Government to release that information to a State agency.

We would go one step further and say not only should it be released to the State agency but perhaps to the institutions as well, so we may know, as soon as possible, what students are eligible for the BEOG.

Senator PELL. What would be your thought about simplifying the contribution schedule?

For example, do you think we ought to exempt certain family assets, such as savings up to $10,000, the value of a house up to $25,000?

Mr. SAMPLE. No, we do not, Mr. Chairman.

We have recommended that the Office of Education adopt, and the Congress also since it has specified consideration of certain items in the analysis, adopt the consensus needs analysis method devised by the Keppel Task Force, which has already been adopted by two agencies. We are asking that the Office of Education join in adopting the consensus needs analysis model so we would have only one national standard and method in estimating ability of parents to pay, regardless of the program.

Senator PELL. How would you change the dates currently contained in the legislation so that the student assistance offices would know earlier in the year the amount of the basic grant funds, thereby making it easier for you to decide what other elements would be in the package?

Mr. SAMPLE. That is included in the Keppel Task Force report, Mr. Chairman. That will be introduced, and we have endorsed that calendar. It would call for the distribution of basic grant application materials by September 1, the processing beginning by September 15, and by October 1, the submission to the State agencies and institutions of basic grant information. By December 15, the institutions and the State agencies could be starting to make their awards.

So this is also in the task force report.

Essentially, we are asking for a fairly substantial moving forward of the calendar so that basic grants can come first.

Mr. HOPKINS. I was going to say, Senator, it is very essential that be moved forward if it is going to serve as the base which we want it to serve, because in most institutions, particularly large institutions like the University of Maryland, we must start processing financial aid applications and telling students what they are going to have no later than about the middle of January.

Mr. PURDY. We are aware of the fact that the students who are eligible for basic grants sometimes are inclined to be the last ones to get their applications in.

There is a very concerted effort through the high schools now to get these applications in earlier. And even though we would not set a deadline, if we could get the bulk of them through earlier, then we would be in a much better position to handle the latecomers.

But when so many of them are piled up at the last, frankly, the student does not get the service that he deserves.

Senator PELL. How can we better promote or advertise the basic grants programs because, as you know, for 2 years in a row, the administration has overestimated the amount of young people.

Mr. PURDY. This is true, Mr. Chairman.

Any program, any introduction of a model or a car, for instance, or anything else, has to be accompanied with a lot of public visibility.

It was a little slow in getting started. I would say a very poor job was done the first year. A much better job was done the second year. And I think we are in a much better position for the third year.

The high schools have had a lot more material and a lot more is being said about it. The very fact that the students are getting grants and they are telling other students will help. You are exactly right, this is one of the things that was not done well in the beginning.

However, I think the wheels are turning now to do a much better job of it.

Mr. SAMPLE. From our experience, the level of awareness in high schools has greatly increased.

I should indicate that, as you know, the basic grant program did award an extensive training contract to a consortium composed of our association, the National Institute for Financial Aid Administration, American Personnel and Guidance Association, which is the high school group, and the National Association of Colleges and University Business Officers.

And the training project has just been concluded this past spring.

I would suspect that, as the program becomes more widely known and is in existence longer, that we will see an increase in applications.

Mr. HOPKINS. I would say, Senator, that even though there has been a great effort, that there are still a lot of eligible students that do not know about it. I am amazed every day when I see a lot of applications at my institutions for students who I know must be eligible that obviously have not heard of it.

It is hard to believe that after all the effort has been made that students would not know about it. I guess my biggest statement there would be there are just so many programs that students are befuddled by the whole mess.

Mr. SAMPLE. I might indicate also, that many students learn of the program from the financial aid administrator. If we ever reach the point where we do have a common student application form, we can almost achieve universal completion of that form. Then we can determine from that the student's eligibility for basic grant, even though he might not have that in mind when he submits the form.

And we could tell him of his eligibility. As it is now, the student applies to the Federal Government, and must obtain a separate form. Perhaps if we can achieve almost universal application using a common form, then the student could not only get the basic grant, but State grant, title IV, et cetera.

Mr. PURDY. I think the students themselves can do a lot. You are going to hear from student representatives later on in the morning, and there is a great awareness in what students can do in spreading the word, such as through the campus newspapers.

Senator PELL. If we do have a single form, do you think the various national organizations will go along with it?

Mr. SAMPLE. Every indication that we have received from the work of the national task force indicates that they will.

The State agencies have been most supportive. The needs analysis services have been, we are hoping that the Office of Education will also, and the institutions are supporting the concept as well.

Granted there are some significant problems when you attempt to put in one national form means for collecting all of the data, or at least as much of the data as it takes for most programs.

No doubt there would be certain supplemental forms to gather certain types of information for a State program which might be required by State law, or an institutional program. But we would hope that much of that information can be obtained from other sources rather than having the students complete another form.

If we can get most of the information that would qualify the student for most of the aid, we have come a long way.

Senator PELL. I think it would be important that when the Keppel group comes forward that we present them with a list of different organizations involved and get a commitment, a statement of viewpoint as to whether each one of these, checking right down, will agree to this form if it is adopted, and this is, I think, what we ought to do when we get there.

Finally, concerning student loan repayments. The percentage figure is very bad. I think it is projected between 17 to 24 percent, which is a disgrace.

Mr. SAMPLE. This is an interesting time to be looking at the delinquency or default rates.

Our experience—I must speak secondhand, because, in my institution, I am not directly in charge of collecting the loans—but we find a good many of our problems results from unemployment or underemployment of our borrowers, that is, they are not employed to the extent they should be.

We received many letters from borrowers saying I really want to pay you, but I just have not gotten the money. And they submit their expenses and their incomes, and there just is not any way that those students can pay back.

In the NDSL program, institutions are given a great deal of latitude in working with students. The same is not true when they are lenders under the guaranteed student loan program. The latitude is not there.

The suggestions that the administration has made with respect to the guaranteed student loan program would also help in the collection problems of NDSL as well.

Senator PELL. I thank you all very much indeed.

Thank you, Mr. Sample and Mr. Hopkins and Mr. Purdy, with whom I have worked ever since I have been chairman of this subcommittee, and you have been in this field long before.

I wish you all well.

Mr. SAMPLE. Thank you.

[The prepared statement of Mr. Sample follows:]

STATEMENT

by

EDSON W. SAMPLE

PRESIDENT

NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

before the

SUBCOMMITTEE ON EDUCATION

of the

SENATE COMMITTEE ON LABOR AND PUBLIC WELFARE

Mr. Chairman and Members of the Subcommittee:

I am Edson W. Sample, President of the National Association of Student Financial Aid Administrators and University Director of Scholarships and Financial Aids at Indiana University. I am accompanied by Allan W. Purdy, Director of NASFAA's Commission on Federal and State Program Relations and Director of Scholarships and Financial Aids at the University of Missouri.

Before beginning our formal testimony, I would like to take just a minute to recognize Allan Purdy. Mr. Purdy was the first President of NASFAA having served before that as president of our Midwest Association, the oldest of our regional associations. He was instrumental in the creation of the other regional associations which later banded together to form NASFAA. In the years before NASFAA was formally organized, he very ably represented the financial aid community to the Congress, U. S. Office of Education, and others in Washington. Purdy was one of the first to express the position that the NDSL program ought to serve all worthy students and not be limited to those in science, engineering, and teaching. As far back as 1962, he was one of the original workers on the initial proposals for both the College Work-Study and Educational Opportunity Grant programs in order to provide students balanced programs of grants, work opportunities, and loans. This was done out of conviction for increasing the opportunities for American youth to gain a higher education and a recognition of the need for federal participation in the process. In this endeavor, Mr. Purdy was fully supported by his institution, the University of Missouri, and mention should be made of our appreciation for its encouragement of Allan's efforts. Throughout the years, Allan has testified before this Subcommittee--always with an honesty and forthrightness that bespeaks well of his Missouri upbringing.

Last summer Allan suffered a heart attack and since that time has had to take things a little easier. Nevertheless, he has continued to direct our federal relations programs. Now, he says the time has come "to turn over to a younger, more vigorous person" his position as Commission Director.

NASFAA is grateful for the outstanding leadership Allan Purdy has made to our profession and to its representation to the Congress. I am pleased to report that he has consented to remain a member of our Commission so that we may continue to benefit from his wisdom and counsel. I appreciate, Mr. Chairman, your permitting me to bring this to the attention of the Subcommittee.

We do appreciate the opportunity to appear before you to comment on the student assistance programs as they currently exist and how they might be modified in the future. In previous testimony, representatives of NASFAA have outlined in considerable detail modifications which we feel are appropriate to make the existing programs more workable. In so doing, we have operated on the premise that the Congress has wisely fashioned essentially sound programs and our previous proposals have been along lines of technical improvements. The evidence will show, we believe, that the current programs of student assistance are doing a good job of providing aid to worthy and needy students. A very strong case can be made that these programs should be supported in their further development.

Before making specific recommendations for the improvement of existing aid programs, I would like to call your attention to the National Task Force on Student Aid Problems which has just completed its work. It is my understanding that Francis Keppel, its chairman, will be testifying before you soon and I will let him tell you about the recommendations of this group. I should indicate that NASFAA was one of the sponsoring organizations and that the results of this cooperative effort have been most gratifying. I hope the Subcommittee will give serious attention to the problems described in the Task Force report and to the suggestions it makes.

In addition, under the initiative of the Office of Education, a second National Work Conference has recently been concluded. This effort was sponsored by seven organizations, including NASFAA, and it, too, has produced a report containing recommendations for the improvement of the student assistance programs. Some of the suggestions of this group will require legislative change and we hope that the Subcommittee will consider these in its deliberations. All of us want to work toward a partnership of student, institutional, state, and federal efforts which will wisely use the taxpayers' dollars, private resources, and available family support to provide a logical pattern of postsecondary educational opportunity for all who can benefit from it. Rather than sweeping changes, we feel that improvements to the programs already in operation is the best way to proceed.

Basic Educational Opportunity Grant Program

The purpose of the BEOG program is to provide a floor upon which other financial aid is built. As such, the program objectives coincide with the goal of providing basic access to postsecondary education. However, if the BEOG is to be the foundation, it must come first. Therefore, the Task Force calendar which results in earlier approval of BEOG recipients needs to be adopted.

Rather than basing the amount of the BEOG on "actual costs" we suggest that consideration be given to basing it on average noninstructional costs. That is, the amount of the BEOG would be the national average noninstructional cost minus family support. There are two primary reasons for this proposal: (1) it is logical because the rationale for family contribution first draws upon the ability of the family to support the maintenance costs of the student, and (2) it removes this form of support from institutional pricing policy. Noninstructional costs are about the same throughout the nation and yearly updates should be made for inflationary or deflationary factors. The administration of the program would be greatly simplified by the adoption of this concept.

If this concept is not adopted, we hope that the law is changed to substitute the words "average costs" for "actual costs". For example, many schools have variable actual costs of dormitory rates depending on single room or double room occupancy. The dollar difference may be minimal but the administrative nuisance is a headache when students have not been given their room assignment or may be changing from one room to another. This change will make for easier administration of the program while still carrying out Congressional intent.

The Subcommittee should consider removing the half-cost limitation, especially if it changes the basis of the award to noninstructional costs. The half-cost provision does reduce the size of BEOGs going to low-income students at low-cost schools.

The law requires the Office of Education to submit to the Congress for its approval the schedules of expected family contributions which take into account certain items which the Congress has specified. It is our hope that the Office of Education and the Congress will adopt the Consensus Need Analysis Model developed by the National Task Force for all federal programs. The result will be that we will have only one, national method for determining expected parental ability to pay.

NASFAA is quite concerned about the effective utilization of BEOG funds. Therefore, consideration should be given to eliminating the requirement to revise grants to students all across the nation if the initial awarding process does not utilize all of the appropriated funds. We are as unhappy as you about the need to carryover funds. But the legislative remedy of reawarding to students late in the school year is an administrative nightmare and to allow the funds to revert to the Treasury would deny students in the succeeding year of more adequate funding.

In the 1972 Amendments establishing the BEOG program, the Congress wisely enacted language which requires funding of the three college-based programs at certain levels before the BEOG program can be funded. In order to preserve the college-based programs, we strongly recommend the continuation of threshhold funding levels for the SEOG, NDSL, and CWS programs at appropriate amounts along with adequate BEOG funding.

NASFAA has attempted to persuade the Office of Education to provide the payment of an administrative cost allowance to institutions for the substantial amount of expenses incurred in the administration of this program. On three separate occasions we have asked the Office of Education to provide for this payment--which it statutorily can make. The most recent request, including supporting data, was sent to the OE on March 20, 1975. We have not, as of this date, received any official OE response. I am pleased that the Chairman of this Subcommittee is supportive of this request and believes that it is within the legal authority of OE to provide for an administrative expense. I hope, Mr. Chairman, that we both can persuade the OE to allow this payment. If the OE does not on its own provide for this, NASFAA urges its specific inclusion in the new legislation.

Supplemental Educational Opportunity Grant Program

We strongly recommend that the distinction between initial year monies and continuing year funds be removed. We do not see any particular logic to this distinction and it does cause administrative problems in using all of the funds effectively.

The present law restricts the amount of an SEOG to "one-half the sum of the total amount of student financial aid provided to such student." Subsequently, "student financial aid" is further defined, but the definition excludes several legitimate types of assistance which should be acceptable as "match" for SEOG. We propose that the restrictions be removed altogether rather than expanding the definition. This section has always been subject to interpretation as to what is acceptable as constituting matching funds. It is difficult to explain to a student, for example, that employment on campus is suitable match, but employment off-campus is not, especially when the off campus job pays more.

We believe the SEOG program should be continued in essentially its current format since it can be utilized to help provide both access and choice of postsecondary institutions.

State Student Incentive Grant Program

Although the SSIG program is new and funding has been very low, there is potential for this program. The incentive feature, matching increased state spending with federal dollars, can enlarge the amount of financial aid available. Since access to postsecondary education is a shared federal/state responsibility the SSIG program is an excellent mechanism coupling these two governmental agencies.

National Direct Student Loan Program

We suggest that all cancellation provisions be eliminated with the exception of cancellations for death and disability. Students who have received prior loans with cancellation provisions should be protected by a grandfather provision and should be exempted from IRS taxation of principal and interest. Also, since the interest rate is established by statute, the provisions of "truth-in-lending" legislation are not required to protect the borrower.

The law currently provides for the transferability of 10% of CWS funds with the SEOG program and vice versa. NASFAA recommends that the NDSL program be included in this transferability provision. This would add greatly to the financial aid administrator's ability to balance his financial aid program since, for example, appropriations levels for each of the three programs do not always bear the same ratios from one year to the next.

College Work-Study Program

In administering this program at the institutional level it is very difficult to estimate the dollar usage in this program so that at the end of the year you have hit the mark and students have earned what has been allocated to the school. With hundreds of students on the program earning varying rates of pay and the constant dropping and adding of students to the program, to estimate with precision is almost impossible. Therefore, we propose that institutions be allowed to carryover up to 10% of an allocation to the succeeding fiscal year or utlize up to 10% of the allocation for the succeeding fiscal year to meet current year obligations.

Guaranteed Student Loan Program

We are distressed over the delinquency and default rates which this program is experiencing. Hopefully, some assistance in solving these problems can be found in legislative changes.

We support most of the proposals contained in legislation proposed by the Administration to improve collections. The Administration-sponsored legislation would: (1) eliminate the defense of infancy, (2) allow repayment periods to be shortened when requested by the borrower, (3) allow for reduction of the minimum annual repayments in cases where both spouses have loans, (4) encourage lenders to make multiple disbursements, (5) require institutions to furnish upon request the latest known address and enrollment status of the borrower, (6) exempt educational loans from bankruptcy dischargeability during the in-school period and for the first five years of the repayment period, and (7) eliminate proprietary schools as lenders. In general, NASFAA can support all of these provisions with the exception of the last which prohibits all proprietary schools from participating as direct lenders. We are not prepared to endorse that provision until it has received further study. We are more inclined to feel that institutions which are doing a good job should be permitted to remain as lenders and those not meeting reasonable standards should not.

A number of changes can be made to facilitate lender participation. A suggestion has been made to tie the special allowance to some automatic indicator so lenders will know in advance of the time lending occurs just how the special allowance will be calculated. For example, a yield on student notes 3% above the quarterly average of 90-day Treasury bill yields would be a possibility. Other suggestions for changes would extend the federal payment of interest to cover the period between the time a default claim is filed and the time payment is actually paid; provide authority for the lender, at his option, to establish a graduated repayment plan; and, provide for authority for a state agency or the OE to contract with the original lender for special collection efforts beyond the normal due diligence period, but prior to submitting a default claim.

From time to time, efforts have been made to eliminate institutional lenders from participation in the program. NASFAA is firmly committed to institutional lender participation. Until such time as assurances can be made that every student who needs to borrow funds can obtain them (either from the school through the NDSL program or from commercial lenders under the GSL program) NASFAA will no doubt continue to hold to the position that institutions should have this program available for loans to students.

Institutional involvement in the administration of the GSL program when loans are made by commercial lenders is substantial. This occurs both at the front end --before the loan is made, but also after the loan is made. For example, it is absolutely essential to good collection effort that lenders be notified when the student is no longer in school. We believe we have made the case to the Congress for an institutional administrative expense. Indeed, the Conference Report on the 1972 Amendments did call for such payment, but the final legislation which emerged from the Conference Committee overlooked this. New regulations which have just become effective which require institutions to perform activities to the satisfaction of the Commissioner of Education makes the need for administrative cost reimbursement even more imperative. Therefore, we urge the Subcommittee to include in the new legislation a provision for an institutional administrative expense allowance.

Before leaving the subject of guaranteed student loans, I would like to make a personal observation to the Subcommittee since NASFAA has not considered this proposition, but it seems to me that part of our default problem results from saddling student borrowers with excessively large amounts of debt. The student aid programs which rest on need analysis require the parents to make contributions toward the educational expenses of their children. In many cases, especially in times of rapidly increasing inflation or where there is adequate family financial strength but it is illiquid, it would be more appropriate for the loan to be made to the parents. Maybe an extension of the GSL program to parents should be considered or at least provide for parental co-signing of loan notes.

General Provisions

We have spoken of the need for an institutional administrative allowance for the BEOG program and for the GSL program. The SEOG, NDSL, and CWS programs now provide for a 3% allowance to a maximum of $125,000. This ceiling of $125,000 needs to be reconsidered and possibly removed. Also, perhaps the entire administrative expense need of institutions should be reviewed and an integrated program of administrative expense reimbursement be provided.

The present law requires an Affidavit of Educational Purpose. The Office of Education has made the interpretation that "affidavit" means a notarized statement. The notarization process adds much confusion for the student and the institution alike, complicates the registration process in many schools, and generally makes administration of all federal programs more difficult. Yet the notarization has no legal value except that the signature is witnessed by a notary public. It does not enhance or guarantee the sincerity of the signer. If such a statement is required in the new legislation, we hope that the Office of Education might be directed that a simple statement by the student will comply with this provision.

The issue of state allotment formulas and the Commissioner's discretionary fund needs to be addressed. There are inequities which arise, not only because there is more than one formula, but in the operations of the formulas themselves. It would be most helpful if the Congress could ask the Office of Education for recommendations for changes which would be accompanied by substantiating data and impact studies.

The Subcommittee needs to raise the authorization levels for all of the programs. Although appropriations have risen to levels approximating the full authorizations, there still exists a substantial need for additional federal funds. Therefore, so that the appropriations process will not be limited by unduely low authorization levels we urge the Subcommittee to raise them to more adequate amounts.

Conclusion

As stated in our opening remarks, we believe the existing programs have met the test of time and experience and have proven their worth. Our suggestions today have been to indicate those areas where the existing legislation can remove administrative problems and strengthen the programs so that they can more effectively carry out the intent of the Congress. NASFAA stands ready to continue to assist you in your work and hopes that we may provide additional information as you move toward extending and amending the federal student assistance programs.

We will be happy to answer any questions you may have.

BRYANT COLLEGE
SMITHFIELD · RHODE ISLAND 02917

June 17, 1975

Senate Sub-Committee on Education
Room 4228
Dirksen Senate Office Building
Washington, DC 20202

Dear Mr. Wexler:

The Rhode Island Association of Student Financial Aid Administrators wishes to offer the following statements as written testimony into the hearing proceedings of the Senate Sub-Committee on Education.

Our Association genetally supports Senator Pell's recent statements concerning the continuation of the existent institutionally-based student assistance programs as legislated in his Higher Education Amendments Act of 1972. Additionally, we approve hardily of the efforts being made in the development of a common data form as a needs analysis instrument for all federal student aid programs. We would hope that through this method a more clear and concise delineation can be drawn between independent and dependent students.

As a body, we propose that the following recommendations be placed on record:

I. Administrative Expense Allowances for A) Basic Grants and B) Guaranteed Student Loans

    A. Basic Grants— In order to justify this recommendation, it might be well to outline the procedures we must follow in order to insure the maximum benefit to the Student.

        1. Every effort is made to advise students of this very significant entitlement Program. Through personal interviews, group meetings and the telephone, we realize that our initial obligation is to get students to apply.

        2. With the proliferation of awards to students outside the jurisdiction of the financial aid offices, e.g. State Scholarship Incentive Grants and Basic Grants, the calendar and timing of these awards makes it mandatory that previous award notifications made by the aid officer be adjusted to correct over-awards.

This is a very time consuming process, as the aid officer must notify students of adjustments in their original institutionally-based awards, receive acceptances by the students of these adjustments, and make the recovered funds available to other eligible applicants.

3. The aid officer is responsible for supervising the handling of a student Eligibility Report a minimum of five times during the year. After completing the Preliminary and Final Notifications of award, first and second semester reports to the Office of Education must be tendered. The final listing of awards must be verified at the end of the fiscal year.

4. The aid officer often finds that he must counsel students who are ineligible for Basic Grants, explaining the reasons for rejections and providing suggestions for alternative methods of assistance.

A survey of our membership indicated approval of the administrative cost estimates disclosed in a survey conducted by Mr. Richard Tombaugh of the National Association of Student Financial Aid Administrators. We recommend that institutions receive an administrative allowance at the rate of $15 per eligible Basic Grant recipient. Additionally, we feel that periodical adjustments of the allowance should be considered reflecting any increase in institutional processing costs.

B. Guaranteed Student Loans--The changes in this Program effected by the amendments published in the Federal Register of February 20, 1975, Volume 40, Number 35, pages 7586 through 7599, will necessitate increased record keeping and the accumulation of significant detail for reporting purposes. We recommend that a $15 administrative allowance be provided to institutions for each student receiving a Guaranteed Student Loan.

The additional regulations and requirements for data collection and form completion for the above two programs alone mandates that sufficient staff must be available. Financial aid offices are just not equipped to handle the increased burden without additional staff. This can only be accomplished through administrative expense allowances for these programs.

II. Grants and Self-Help Opportunities

More and more students are attending post-secondary educational institutions in spite of the lack of parental support. While we condone the gathering of family financial data, we would like a clear distinction made between the disparity of outright grants and self-help opportunities. A student should be able to work or borrow in lieu of a parental contribution.

III. Nursing and Health Professions

Because of the severe cutbacks in funding for Nursing and the Health Professions, we support an amendment to the current legislation allowing students enrolled in these programs to be eligible to borrow monies under the National Direct Student Loan Program.

IV. Supplemental Educational Opportunity Grant Program

We recommend the elimination of the Initial and Renewal designations for this Grant Program. This would eliminate many of the problems we incur in dealing with the growing number of transfer students.

We thank you for this opportunity to make suggestions for the betterment of the current programs and hope that our recommendations will receive due consideration.

Sincerely,

Fred C. Kenney
Vice-President
RIASFAA

K:rpm

Senator PELL. Our next witnesses represent the National Student Lobby, Jay Henderson, legislative director.

STATEMENT OF JAY HENDERSON, LEGISLATIVE DIRECTOR, NATIONAL STUDENT LOBBY; ACCOMPANIED BY TONY AFFIGNE, STUDENT BODY PRESIDENT, BROWN UNIVERSITY; TOM PYLE, LEADER OF THE COALITION OF PRIVATE UNIVERSITY STUDENTS; MINNIE ARMISTEAD AND LESLIE ARMISTEAD, STUDENTS

Mr. HENDERSON. I would like to submit a written statement for the record and since we have a number of people at the table, I would like to speak extemporaneously this morning.

Senator PELL. Fine.

Mr. HENDERSON. Mr. Chairman, I am accompanied by four students today. I would like to introduce on my left, at the far end of the table, Tony Affigne, student body president at Brown University.

Sitting next to Tony Affigne is Tom Pyle, leader of the Coalition of Private University Students.

On my right is Leslie Armistead, a high school graduating student, who is now considering her postsecondary options, and finally Minnie Armistead, Leslie's mother, who is a student at Montgomery Community College in Pennsylvania. Mrs. Armistead is also a member of the board of directors of the National Student Lobby.

Mr. Chairman, the students at this table today are here because we need your help.

Thirty-seven States have announced tuition increases next year. Tuition and fees at many private institutions have risen dramatically.

For example, at Princeton, they are going to raise the tuition and fees by $625 next year. That is a single year's increase which is larger than most State universities' annual tuition.

The annual money crunch that is occurring every spring now on campuses comes when tuition and fees are raised while student financial aid, for one reason or another, becomes more and more scarce.

Student protests hit the campuses this spring with a fury. There were more protests this spring than in any year since 1971.

The President and several legislators have recommended closing the GI bill with nothing given in return to students.

The Office of Education budget for student assistance is nickels and dimes in comparison to funds available for the Department of Defense for student aid. The Department of Defense had $700 million to aid only 300,000 students in 1974.

And so, Mr. Chairman, I reiterate: We need your help. We need your help today in increasing the basic grant appropriation of $660 million for fiscal year 1976 that the House of Representatives has recommended.

Tony Affigne, student body president at Brown, was one of the leaders of the protest there this spring. I think Tony will want to comment in a minute on what work was left unfinished at Brown and what the Congress can do about it.

Mrs. Minnie Armistead is a lady student who is also a grandmother. She is living testimony to the fact that more than half of the students in the country today are older than 21.

Leslie Armistead, who graduated from high school just last night, has been thinking about what she is going to do after high school and if she is going to college. Right now she is leaning toward joining the Air Force because she believes the Armed Forces offer better education opportunities than she can find anywhere as a civilian.

Leslie Armistead learned a lot about the various armed services education programs but has learned very little about the Office of Education student aid programs. She would not have been aware of any aid programs at all had it not been for the fact that Leslie's mother is a college student who happened to get a basic grant herself.

Tom Pyle is leader of a really important new group of students, the Coalition of Private University Students. He would like to say a word or two about the special problems of private university students. Tom is going to be here in Washington for the summer and hopes to work with the committee as close as possible.

Before I begin to address the specifics of student aid, I would like to introduce a few members of the audience here who have been collecting support signatures for the past year in the Washington, D.C. area to give you at this time.

In this box we have 35,000 signatures [indicating]; we have two more boxes back at the office just like this. That is over 100,000 signatures collected in the greater Washington, D.C. area from middle income families who several years ago took access to postsecondary education for granted, but are now feeling the economic pinch, too.

Will the canvassers hold up their hands?

These seven or eight individuals constitute about half of our canvassing staff. They work every afternoon; when they leave this hearing room, they will be going back out in the area to talk to people about the issue of higher education.

Here are the results of some of their efforts [indicating].

We have thousands of these statements full of signatures; practically every door we knock on, Senator, signs this statement.

Senator PELL. What does the statement say?

What is it petitioning?

Mr. HENDERSON. The petition asks the individual who signs it to show support through a signature for the efforts of the National Student Lobby to provide fair access to postsecondary aid programs, and another paragraph seeks support for our efforts to minimize the effect of tuition increases by lobbying for various legislative remedies.

The important thing about the support statements is that when the canvasser goes to the door, it is an entree to talk with the person in more depth about a lot of education issues. Usually, the support statement is just an introduction as to what the actual nature of the conversation is.

But, as I said, at almost every door that we knock on, the people sign support statements. We think this shows a really tremendous concern by a majority of middle income families about the issues they are facing: The economic crunch, tuition increases, and the basic issue of access.

If we were to take these signatures, which we obtained in a very small area of the country, and extrapolate them to encompass the entire United States, we would imagine that the support for these programs would be very widespread.

Mr. Chairman, in talking about the specific programs, the students feel that the basic grant must come first, because it is the basic grant that we wish to see become the cornerstone of Federal student aid. We want the basic grant to become the mechanism to assure true access for students at all institutions.

To do this, we need your help today, as we had it in 1972 in getting BEOG's off the ground.

Students think four things should be done to basic grants immediately. First, we want basic grants based on noninstructional costs. Second, we think basic grants should be pegged to an inflation index in order to allow the maximum grant to adjust to changes in the economy.

Third, we think the one-half of cost limitation used in calculation of basic grant awards should be removed in that it penalizes only students who go to low cost institutions. Fourth, we recommend that the basic grants be authorized to fund a maximum of $2,100.

On the special problems of private institutions, which Tony Affigne and Tom Pyle would like to discuss, we think these problems should be separately addressed through the State student incentive grant and supplemental educational opportunity grant programs. These two programs should be used to guarantee choice for all students.

We recommend a $420 million authorization level for SEOG's in fiscal year 1980. And a $300 million amount for SSIG's in the same year.

We have asked for fiscal 1980 an amount of $580 million for college work study. We want to see to it that every student who wants one is eligible for and gets a college work study job.

On the subject of loans, we feel because it costs 50 cents to 75 cents for every dollar loaned and collected, that loans are becoming very expensive, and the reasonable course to decrease the waste in the loan programs is to increase reliance upon grants; increasing reliance on grants would reduce the need for students to borrow.

We think that the Federal policy must work toward balancing loans with the other student aid programs. We want this committee to know, Mr. Chairman, that we as students are as concerned as anyone else about the waste and rising default rate in the loan programs.

Our written testimony includes several recommendations in response to this critical problem.

The authorization levels we are recommending, we believe represent no larger a slice of the pie for students in 1980 than we received in 1975.

Page 21 of our testimony puts our budget authorization requests into perspective in relation to the gross national product. In this regard, we would recommend that this committee begin to work with the new Budget Committee in an effort to establish congressional oversight over all Federal money spent on student aid, not just Office of Education programs.

Finally, to protect our rights as consumers of higher education, students are asking for participation at every level of the education process in three specific ways.

First, we suggest that a student resource and information board be established on every campus that receives Federal funds. Second, we think students should join in the effort to get the word on every student assistance program directly into the hands of students instead of into the hands of counselors.

To achieve this, we suggest 1 percent of basic grant appropriations be invested annually in a vigorous dissemination program; that would be $6.6 million this year as compared with the $1 million that the Office of Education had to work with last year.

We do not feel that this $6 million is an unreasonable figure. There are some other education programs that enjoy even a higher percentage.

Project Ahead [indicating]: This is an advertisement that appeared in the Parade Magazine March 9, 1975 issue. This Project Ahead ad alone cost $214,000. That is enough money for 100 basic grants at the $2,100 level, or about 300 basic grants at this year's average of $700.

Project Ahead has a $3 million advertising budget for only a $1.2 million program. We just feel that a $660 million program or $800 million or a $1 billion program should have a bit healthier budget to finance information dissemination.

Senator PELL. Would you repeat that figure? You say it has $3 million budget for what program?

Mr. HENDERSON. $1.2 million program in fiscal 1976.

Senator PELL. And a $3 million advertising budget?

Mr. HENDERSON. $3 million advertising budget.

They expect to give away $1.2 million in tuition aid grants in fiscal year 1976. I am sure the inordinate amount of dollars for advertising is to insure the program is successful in its initial year. We can certainly expect the program to expand beyond $1.2 million over the next several years. But the important thing is that the Army realized their program would not be successful without proper advertising, so they invested a lot of money into information dissemination for their new program. We are not asking this subcommittee to do something about Project Ahead—instead, we want something done to insure the Office of Education is able to get behind information dissemination for basic grants with the same fervor and the same kind of healthy budget that the Army is showing us it has for Project Ahead.

A third area that students are seeking participation is in the numerous consumer protection mechanisms that we enumerate in our testimony. We want these mechanisms established on every campus that receives Federal aid.

An example would be a student's right to a financial aid hearing by a board that includes students as members.

Another example would be an exit interview for every student who leaves an institution with a loan so that the student is fully aware when leaving of all rights and responsibilities.

Mr. Chairman, that completes my portion of the statement.

If you think we have some time now, Tom Pyle, the leader of the Coalition of Private University Students (COPUS), would like to say a word.

Senator PELL. I would rather hear from your group first, and then we will ask questions.

Mr. PYLE. Thank you, Mr. Chairman.

One thing that is on the minds of the Coalition of Private University Students is the issue of choice, which, for a lot of us, translates into access to the school of one's choice, the school as one perceives best suited for one's educational needs.

Private colleges and universities have higher expenses than most public ones, and the crunch in terms of tuition and rising costs is especially tough for low- and middle-income students who attend the private colleges. They feel it drastically.

Tuition in private colleges averages about $1,000 more than most public institutions, and at some of the higher priced colleges and universities, the tuitions and costs range $3,000 to $4,000. In fact, Yale University is the first school in the country to break a $4,000 tuition just this past year.

Increases in tuition and costs to these schools are often greater, as Mr. Henderson pointed out, than some of the tuition at the public schools.

At Princeton University, which is my school, the tuition and cost fees for next year are going to go up $625, an exorbitant amount which some students just will not be able to pay. That increase is more than some schools' expectations for college work-study money to be earned over the summer by students on financial aid.

So, we at the Coalition of Private University Students are interested in ways to guarantee a student's ability to attend a school of his or her choice.

The one program that we feel is particularly important to do, assuming that basic education grants are linked to noninstructional costs, is the supplemental educational opportunity grant. We feel it is a very important program. We feel it cannot be eliminated; it must be maintained. And we feel that there should be inflationary escalators built into the program.

If I had my druthers, I would increase that program to $300 million in the fiscal year 1977 and to $540 million in fiscal year 1980. This would help to make sure that no one would be denied choice of the school that one feels is best suited for one's educational needs.

We at COPUS will be here in Washington all summer getting organized, contacting more students at private colleges who face the dilemma of paying for high tuitions. We are looking forward to working closely with your staff and you personally on the problems that face private colleges and universities today. Thank you.

Senator PELL. Thank you.

Mr. HENDERSON. Tony Affigne of Brown University.

Mr. AFFIGNE. Good morning, Senator Pell.

Brown University, this spring, was the scene of a weeklong student strike, and eventually the seizure by third-world students of Brown of the Central Administration Building.

The basic cause of all these problems was clearly, as it was at many other schools, the budget for next year.

There is nothing unique about Brown's fiscal woes. They are, sadly, rather typical of those facing all private institutions in this country.

During the 1960's, Brown, like many other schools, embarked on a building program which far surpassed the development of investment which it could realistically sustain over the years. We have weathered

4 years of annual deficits ranging from $3.6 to $5.4 million, a situation which the resources available to Brown University are no longer able to support.

Faced with the necessity of cutting $2 million, Brown, this year, found itself in a position of removing programs and services which, in the 1960's, had been offered for low-income and minority students.

Foremost among those services was financial aid. And financial aid this year, unlike the past 4 years, was cut 4.5 percent, during the same period of time that tuition was increasing 11.4 percent. The situation hit particularly hard at minority students, and minority students were the first to respond.

I think, Senator, you may have been aware of some of the things happening in Providence.

Senator Pell. Right.

I am both a Senator from the State and a trustee of Brown.

Mr. Affigne. I think the situation we faced at Brown and the situation we will face for the next several years is that the administration is no longer able to provide from the resources currently available to the universities the level of financial aid which would allow the accurate reflection of social and economic portions of the population.

Minority student representation at Brown has been decreasing steadily over the past 3 years. The proportion of those minority students who are from a low-income background has already been decreasing.

At present, 80 percent of the minority students at Brown are on financial aid, and that figure is decreasing at about the same rate that the total numbers of minority students are decreasing.

I think at the end of our negotiations with the administration, about the time students went back to finals, the president of the university did deliver us a statement of the position of the university with respect to financial aid in the context of the income which could be generated—well, if I could just read this:

> The primary mission of our university is to provide high quality education. We seek a student body of high academic quality with a variety of talent. However, we also seek socioeconomic diversity to bring many points of view into our community and to meet our obligation to society to provide education of the highest quality to students of great talent. Since this enterprise is sustained by . . . can be utilized for this purpose without decreasing all other functions of the university. At the present moment, the scholarship aid is equivalent to 18 percent of tuition income. Until financial problems of the university are resolved, this proportion certainly cannot be increased and may very well have to be further curtailed if essential student services are to be maintained.

That is by way of summation that Brown's problems are not over, as I am sure problems of private universities are not over.

Mr. Henderson. Mr. Chairman, Mrs. Armistead and her daughter, Leslie, do not have a statement to make, but they are here at the table with us today to respond to any questions at this time which you might have.

Senator Pell. Thank you very much, indeed.

You see, basically, the system that we have now operating with basic grants being the floor, then above that the SEOG, work study, NDSL, and guaranteed loans.

Mr. HENDERSON. Senator, we see the basic grant as the instrument to insure access. In that way, it is a floor, but private university students, of course, even in high-cost private institutions, would also be eligible for basic grants. The basic grant, we feel, should be channeled toward noninstructional costs.

Students in high-cost institutions or low-cost institutions are going to be incurring approximately the same costs, around $2,100. The other programs then, yes, should be kind of tiered; as the cost of the institution goes up the student becomes eligible for more types of aid. Supplemental grants and State student grants should be used particularly to help defray the high cost of private schools.

Senator Pell. What is your thought with regard to simplifying the basic grant mechanism?

What can we do to make it easier for students to fill out those forms, which are very complicated?

Mr. HENDERSON. Mr. Chairman, The National Student Lobby was one of the participating groups in the National Task Force on Student Aid Problems, chaired by Francis Keppel. The Keppel task force has produced a common form.

We have, in our written testimony, asked that the Congress mandate for implementation in 1977 use of this common form for all programs. We feel that lack of a common application form is one of the biggest stumbling blocks right now for students in receiving financial aid.

Another technique we would suggest to improve the basic grant mechanism would be student participating in a more adequate information dissemination program.

Leslie Armistead did not hear about the basic grants until her mother told her. She had, however, heard a lot about all the Defense Department's educational programs.

There are instances that we can cite, such as in Minnesota, which would attest to the fact that information given directly in the hands of the high school student is much more effective than information that is passed through a middleman or an aid counselor. Through such things as a direct mailing the basic grants mechanism could be simplified severalfold.

Maybe basic grants information should be mailed directly into the hands of every student in the country.

In Minnesota, when they did that, not for basic grants, but for State scholarships, in 1 year they realized an increase in aid applications from 12,000 to 30,000.

Senator **PELL.** What is your thought with regard to one way of simplifying it, which would be to limit or increase the exemptions so that, for instance, a student could exempt family savings up to $20,000, or family residence up to $25,000?

Do you think that would be a good idea or not?

Mr. HENDERSON. I think that the needs analysis system, as it is set up today, with few exceptions, which we have covered in the testimony, is essentially the way it should be. There are certain requirements that are going to have to be gone over, but we have covered in our testimony some of the things that we want to eliminate: eligibility date of

April 1, 1973, which says that any student enrolled before then would be eligible for basic grants, and the 2-week home residence rule.

We also want the half-cost limitation removed.

No, I would not say we would have any position on making exemptions larger than $20,000 or $25,000.

As far as common form goes, though, we have applauded the Keppel task force for coming up with this form, and we think it is going to be a tremendous step forward if we actually do get it implemented.

Students would like to see something maybe even better than that done once we get that established.

In New York State, they have a short form for applying for aid; it is something like the IRS 1040A short form, maybe something like that might be down the pike.

Senator **Pell**. I am interested in talking to someone from high school, Miss Armistead.

What do you see as an alternative before you?

You say the Air Force is one.

Miss **Armisted**. I have not decided on going to college. I did not know what I wanted to take up or what I was going to be, so the Armed Forces was a choice: Army, Navy, Air Force; so I leaned toward the Air Force. I went to the Air Force and they told me the different educational benefits they had, and that I get paid for it and get credit for college.

Senator **Pell**. I think that is a very sensible decision. I think that is one of the purposes of the new volunteer armed services, and hope that more and more young people will take advantage of it.

What does your mother think of this idea?

Mrs. **Armistead**. Being the head of the household, it is quite difficult for a single person to say, well, I have money to send my children to college. And with the basic grant and with the educational facilities of the Armed Forces, I find that it is easier for them to make up their own mind as to where they want to go and what they want to do.

Senator **Pell**. Thank you very much.

Mr. **Henderson**. If I may, Mr. Chairman, on the subject of basic grants, there is one more thing that the Student Lobby would like to recommend: because a lot of students in the country today are older than 21, they have part-time, if not full-time, jobs, and they want to go back to school. Not all students can go full-time like Mrs. Armistead. Many students find 6 credit hours per semester to be burdensome.

As regulations are set up now, a student has to enroll in 6 credit hours to become eligible for a basic grant as a part-time student. We would recommend two changes in the regulations.

First, we would suggest the requirement be lowered to 3 credit hours; second, in order to accommodate those students who do enroll in 3 credit hours, to lower the floor, for the basic grants to $50.

Senator **Pell**. I think lowering the floor would add to the administrative cost. You have $50 paid out being balanced by $30 cost of administration, and I think that would not be a good thing.

As far as the 3 hours goes, I was doing some mental calculation, and that would mean 6 hours a year, and that would mean you could take 20 years to draw on the basic grant while you went to college. I do not think that would make much sense either.

Mr. HENDERSON. We look at the basic grant as providing access to education, not necessarily access to a degree.

Senator PELL. That is why I think 6 hours already in its turn is probably low now for a serious student.

If a man or women really wants to study, he or she can probably manage 2 nights a week to go.

Mr. HENDERSON. Yes, Mr. Chairman, that is true. I would just like to say there are a lot of other students that would just like to enroll in only 3 hours. When a student goes in and applies for financial aid, the student does not think of administrative allowance. He just thinks, "Can I get the money? If I do not, I cannot go to school."

Senator PELL. It is a question of really how money is spread around and administrative costs.

I think the main thing is really to try and help the bulk of the students as much as possible. We have always sought to have the amounts not too small.

Incidentally, I am extremely grateful to the National Student Lobby for helping get through the basic grant concept. In the early days you were the only group that supported it. I think this new idea that money goes to the student to make the choice of where he wants to go as matter of right, is right and fair.

I thank you very much. I thank you for your help.

Going for a second to Brown, because I did follow that quite closely, what do you think the faculty or the administration should have done when they were faced with this question of tenure?

Seventy percent of your faculty have tenure, which means when they have to make a 15-percent cut, that half of the new faculty members have to be let go. Too much tenure was granted.

Mr. AFFIGNE. I agree. However, looking at the entire budget, the instructional portion of the Brown budget accounts for $14 million out of a $57 million budget. That is the only portion which goes to faculty salaries.

It still leaves us with $40 some million in the rest of the budget, which can be reallocated according to priorities of the people during the allocation.

I agree, and it is very drastic cuts in humanities and much drastic cuts in sciences.

Only 4 of 11 black faculty members attended at the university. Only 14 of 39 women faculty members attended. So we are facing a problem when it comes time to make the cuts as well.

Senator PELL. You face the same thing you do in industry, LIFO, last in, first out.

The black faculty members and the women faculty members are the most recent. They have not been through 7 years so they would be the ones first out, which is unfortunate, and is the way it is there.

One thing I noticed—I was at Brown commencement this year, and I was very disappointed. I saw all the black students bunched up together and all the white students scattered at the end of the line.

I went to another graduation in New Jersey, Upsala College, and the blacks and whites were mixed together.

I noticed, in going through Brown, that the black students seemed to be bunched up in groups. Why is that?

Mr. **Affigne**. I do not think that is an unhealthy sign. I think it is a healthy sign.

For a long time, the blacks at Brown were not a community at all. This year, as a result of a lot of things that happened, there is a strong sense of community with the blacks, and with the sense of community comes the dealing with the white community, which we have not seen before.

While it may appear they are isolated in racial groups, it is not the case.

Senator **Pell**. It certainly is, because you go in dining halls and it is the same thing.

Do you feel that it is a good thing to have this segregation?

Mr. **Affigne**. It is segregation at certain points of the day and certain points of the year.

The commencement year, 1975, the black members have quite an event. They, as a community, would like to share that as a group.

In the past 3 months, the black community and the white community worked very, very close together in Brown. There is a much higher level of interracial interaction at Brown than most schools in the country.

I agree it appears that way.

Senator **Pell**. Well, my observation differs from yours.

I had a son who graduated from Brown, and visited him in the dining hall quite often. And ever since, I have been following Brown closely. I have seen this structure of segregation development there. Maybe I have just gone to the wrong dining halls. I do not know.

Mr. **Affigne**. There is only one.

Senator **Pell**. There is?

Mr. **Affigne**. Yes.

Senator **Pell**. On this question of the proportion of costs, your point is that too small an amount at Brown or other colleges is spent on teaching, and too large an overhead on athletics.

Is that your point?

Mr. **Affigne**. We never got to the point where we were clearly pinpointing areas in the budget which we felt could be cut. We never felt that we reached sophistication because we did not have the information.

We do have the general feeling that perhaps the development program is overbudgeted for the return we get from it. Perhaps athletics is overbudgeted until students or some other group, student and faculty, some other group, have the opportunity to have the kind of input they were talking about in this process.

But $14 million out of $57 million is a small percentage.

Senator **Pell**. I would agree with you about the athletics, because I am not sure we need all this elaborate equipment, when to get good exercise all you need is a pair of sneakers and run around, you do not have to engage in collegiate sports.

Unfortunately, from the viewpoint of the alumni who provide a great deal of your money, athletics is a real factor. The other factor that is going to be of some interest is the new title IX regulations which are going to cause more money to be spent in many cases in order that men and women can have more equal physical facilities.

I think it is correct that there is no reason in the world why women should not be able to have the same athletic facilities that men have. Sometimes I think the men perhaps have too elaborate athletic facilities, but that is not shared by many of your fellow undergraduates.

What is your own reaction to that thought?

Mr. AFFIGNE. We had a winning football team last year for the first time in 10 years or so.

Senator PELL. I think you are better off without the winning football team and spending more on salaries.

Mr. AFFIGNE. I agree that the athletic budget at many universities, not only Brown, is inflationary.

Senator PELL. I am struck by the quality of learning abroad in European countries where very little is spent on athletics and the majority spent on teaching and laboratories. And I think that is what universities should be all about.

I thank you all very much.

Mr. HENDERSON. Just one more point.

I wanted to mention that the College Scholarship Service Student Committee has been holding a series of hearings throughout the country. They are about halfway through.

This is the transcript from one of the hearings [indicating]. We will boil the transcripts down and summarize them; the results will be available later on in the summer.

Senator PELL. I am very glad you are doing this. I am very glad you are being active in these ways. You are being very helpful to this subcommittee.

As you know, I support the concept that there should be one or two students on the board of trustees, but we were not able to get that through the Congress. But I still think it is a very valid concept, and I would hope that we will eventually be able to do that.

And I am particularly delighted to see at the witness table the head of the student body of Brown.

My wife is a trustee of Roger Williams, so we follow the problems of higher education very closely, both on a personal level as well as an official one.

Mr. AFFIGNE. Roger Williams got the budget they were asking for.

Senator PELL. Right. Yes.

There was, as you know, quite a discussion there, too.

[The prepared statements of Mr. Henderson, Mr. Koltz, and the Coalition of Private University Students follow:]

Testimony by
Jay Henderson
Legislative Director
National Student Lobby
before the
Subcommittee on Education
Committee on Labor and Public Welfare
U.S. Senate
Tuesday, June 10, 1975

Mr. Chairman and members of the Subcommittee, I appreciate this opportunity to review the subject of student assistance programs provided for in the Higher Education Act of 1965.

This written statement represents the composite views of the 2.1 million students who, in over 40 states, are enrolled in postsecondary institutions which are members of the National Student Lobby.

The statement is intended to provide an overview of the current student aid programs, how they are administered and on what bases their authorization levels from now until 1980 should be determined.

A. STUDENT ASSISTANCE PROGRAMS

1. Basic Educational Opportunity Grants:

a. Removal of the "one-half of cost" limitation.

Under current law, the one-half of cost of attendance limitation on Basic Educational Opportunity Grant awards penalizes individuals attending low-cost institutions.

The National Student Lobby believes the BEOG should be more sensibly related to non-instructional costs. The special problems of varied tuition, fees and other instructional costs should be separately addressed through such programs as Supplemental Educational Opportunity Grants and State Student Incentive Grants.

We therefore recommend that the one-half of cost of attendance restriction be removed from consideration in determining the size of a Basic Grant award.

In this manner the Basic Educational Opportunity Grant becomes a mechanism for true access to all students at all institutions.

b. BEOG pegged to $2,100.

Accordingly, the FY 1977 Basic Grants authorization should be increased to fully cover, as close as possible, one hundred percent of an eligible student's non-instructional costs.

The BEOG program should be a true entitlement program in which a student has an individual right to full access to education based on need. The BEOG should be authorized to fund a maximum grant of $2,100.

c. Inflation index.

Since 1972 Congress has authorized a maximum of $1400 for an individual Basic Grant. This $1400 figure was meant for 1972 when a year of education's non-instructional costs were much less than the $2,100 required today.

What concerns the National Student Lobby, if this Subcommittee is contemplating legislation for 1980, is what does the Congress intend to do about inflation and the dismantling effects it is having and will continue to have on student aid?

The inevitable result of decreased student assistance at a time when student costs are moving upward will be a large attrition in the number of new enrollments each year. The 1973 National Commission on the Financing of Postsecondary Education reported that for every $100 increase in costs, 2.5% of the students in the country are forced out of college. Today a four year public education costs about $8,000. Last April the New England Board of Education reported a child now five years old will have to pay $30,848 for four years of public college education. Unless student assistance keeps increasing in amounts sufficient to exceed inflation and increased eligibility, the ultimate goal of free postsecondary education for all persons will be seriously jeopardized.

We would like to see an inflation index incorporated into student aid legislation because it represents the only means of ensuring continued free access to needy student eligible for Basic Grants.

The inflation index would allow the ceiling for Basic Grants to float up or down in tandem with annual increases or decreases in the cost of an education.

d. Dissemination of BEOG information.

While recognizing the usefulness of current methods of getting the word out about the BEOG and other federal and state student aid programs, the National Student Lobby believes there is a definite and demonstrable need for an intense, localized media and advertising campaign. This campaign would utilize local contacts with community agencies and organizations, and direct local contact of high school students, particularly in areas of high BEOG applications.

What is needed is an expansion of the number of community organizations and agencies involved in providing BEOG information, a broader media and advertising campaign to explain BEOG and to increase the awareness of high school students to the existence of the program, and the wider involvement of high school and postsecondary students themselves into the information dissemination process.

We recommend that language be added to Section 411 as follows;

"The commissioner shall carry out a comprehensive annual program of information dissemination to students and prospective students (including information disseminated through students and prospective students' families, peers, counselors and financial aid administrators, teachers, student organizations, employer and employee representatives, national state and local public and private non-profit educational and counseling agencies, and mass media) about federal student financial assistance programs, centered around the BEOG program but including information about all programs whether or not administered through the Office of Education. This program shall include training activities for counselors, financial aid administrators, business officers, student resource and information boards, and shall be coordinated with current activities of Talent Search, Educational Opportunity Center programs and other programs designed to make available information in areas of high potential eligibility for BEOG program. This program shall also have the responsibility for developing and distributing free of charge to each prospective student in postsecondary education an 'options workbook' containing information about PSE education and training, including: (1) costs and federal, state, local and private financial resources; (2) admissions, testing, academic program, educational environment information including files and survey of satisfaction of students and former students at institutions; (3) career and job information on programs; and (4) developing a personal decision making strategy. The commissioner may enter into agreements with state agencies and private non-profit agencies for cooperation in distributing additional information from many sources. However, nothing in this paragraph shall give the commissioner any authority to prescribe or regulate curriculum material to be distributed along with the options workbook."

We recommend that one percent of the annual BEOG appropriation be directed towards the conduct of a sweeping communications effort to get Basic Grants information directly into the hands of students, not just into the hands of counselors.

This annual campaign should be adequately funded and vigorously carried out until underutilization of appropriated BEOG funds is a thing of the past.

e. Use of Common Form.

At the recent hearing of student financial aid problems held this spring in Illinois by the College Scholarship Service Student Committee, a senior high school student associated with financial aid said, "I don't believe students really understand very much about financial aid. This has to be true of most high school students. They really do not know what is available, they do not know how to go about applying and in alot of cases they aren't aware of the eligiblity requirements and that's how they miss out on alot of it."

Mr. Chairman, we believe the biggest obstacle preventing students from understanding "how to go about applying" is the current lack of a single, easy-to-fill-out application form. The National Task Force of Student Aid Problems has devised a "common form" which would go a long way towards relieving students and administrators of the laborious task of processing a request for aid.

Students want a common application form as soon as possible.

There are, however, several complication still involved which are detaining unanimous acceptance of the common form. As a result, we believe the common form should receive a mandate from the members of the Subcommittee which would require its implementation for the processing of Basic Grants and other forms of financial aid to be awarded with federal funds during the academic year 1976-77.

f. April 1, 1973 eligibility date questioned.

Individuals are currently ineligible for a Basic Grant if they have received any undergraduate instruction prior to April 1, 1973.

This provision was originally written when the Basic Grants program began. Its intention was to prevent all students except newly-enroll freshmen from becoming eligible for the grants.

Next year, however, for the first time all four classes shmen through senior -- and certain part-time students will be eligible for Basic Grants. The April 1, 1973 date will then exclude only a small number of individuals from eligibility. We recommend removal of this date wherever it appears in language governing student assistance programs.

g. Part-time Students definition liberalized.

The Office of Education has taken a major step in extending Basic Grant eligibility to students enrolling in a minimum of six credit hours. At the College Scholarship Service hearing in Illinois, one student commented "yet even a three-hour course will make substantial demands or a limited budget when students total their activity fee, parking sticker, gas and child care expenses."

The National Student Lobby believes this student's observation strikes a respondent chord amongst the expanding number of students who enroll part-time for less than six hours but are ineligible for BEOGs.

Over one half the college students of today are older than 21. Many have jobs and families in addition to their coursework. Many would like to enroll part-time but find six credit hours too time consuming.

The National Student Lobby recommends accomodating these individuals by expanding the eligibility requirements even further by allowing a part time student enrolled in a minimum of three credit hours to apply for a BEOG.

h. BEOG floor lowered for part time students.

Because most of the part time students enrolled in three to six credit hours either would have a separate income and not be eligible for a sizeable BEOG or would incur minimal costs and would require only a small grant, the Student Lobby recommends the minimum BEOG be lowered for part time students to $50.

2. Supplemental Educational Opportunity Grants:

a. Need Based.

In the past the SEOG program has provided additional money to exceptionally needy students. The program affords campus financial aid officers necessary flexibility in adding to a student's financial aid package if the individual can demonstrate need. The SEOG program should remain a need-based program and should not be expanded to include merit as a factor determining eligibility.

b. Threshold required.

The annual appropriations debate has, for the past few years, frequently seen proposals recommending no funding for this important program.

To ensure the full intent of the Congress is carried out, we recommend a minimum amount for funding for Supplemental Educational Opportunity Grants be guaranteed by enactment of a $130 million minimum threshold, below which funding for other programs is not allowed.

c. Authorization.

The authorization ceiling for Supplemental Educational Opportunity Grants should continue as provided in the Amendments of 1972.

3. State Student Incentive Grants:

Federal policy should be designed to encourage states to devote greater resources for need-based student aid programs which allow students the maximum choice of postsecondary programs.

A massive infusion of federal and state dollars into SSIGs would expand the role of Federal-State partnership in providing choice to students.

State Student Incentive Grants should be used to encourage states to dramatically increase no-tuition enrollments. For many persons "the best form of financial aid is no tuition."

Accordingly, the National Student Lobby recommends the State Student Incentive Grants program should be authorized to appropriate a maximum of $100 million in FY 1977, going up by increments to $300 million in FY 1980.

4. College Work Study:

a. Threshold required.

There should be a formula to directly link increased funding for grants to increased funding for work related programs. The threshold device in linking BEOG funding to increased funding each year for college work-study is crucial.

b. No subminimum wage.

For a College Work Study job, an employer pays 20% of a student's wages, the federal government pays 80%. On a $2.00 per hour minimum wage pay scale, the employer contributes only 40¢ per hour to the student's earnings.

Why is it necessary to fund the employer even further and allow payment of subminimum wages to the student, which requires a contribution of only 34¢ per hour by the employer?

The National Student Lobby recommends all College Work Study positions be ineligible for payment of subminimum wages.

c. Administrative Allowance.

The incentive in the form of an administrative allowance for non-work-study and job-creation placements should be broadened to allow non-institutional job-creation projects to be ineligible to work on this crucial problem.

d. Clearinghouse.

There should be a nationwide clearinghouse (with an 800 telephone number) providing information and job placement for summer work-study and internship programs. A percentage of the work-study authorization could be allocated for summer use by such a clearinghouse.

e. Data Programs.

There should be a coordinated data gathering program between the Office of Education and the Department of Labor to develop information on job classifications and wage rates on campuses, in campus-impacted labor markets and among students. In addition, it should be the responsibility of the Department of Health, Education and Welfare and the Department of Labor to develop plans for incorporating students and potential students in public employment programs.

f. Basis of need.

We believe a College Work Study job should be based less on need than a grant, but we do not believe Work Study should become an entitlement for all students.

Because of these considerations we recommend that a College Work Study job should not be given to students without need, but it should be a matter of right (an entitlement) to students with need greater than $1000 annually.

Students with moderate amounts of need, ($0 to $1000) should be eligible for limited amounts of College Work Study wages as they are today.

g. Remove disincentives for additional wages earned.

We strongly urge the Congress to remove aid stipulations which penalize students for wages earned beyond a specified amount.

In practice, this disincentive-to-work comes about when a financial aid administrator designs an aid package for a needy student, then during a mid-year recalculation of aid discovers the student has earned additional wages from non-work study employment, thus enhancing the student's "self-help" factor in the equation used for calculation of financial aid. This usually results in the student being penalized, dollar-for-dollar, by having the amount of "excess" income subtracted from other forms of aid.

h. Authorization.

Because of the growing popularity among students of the Work Study program, and because of the opportunity it affords students to "work their way through school," we recommend the FY1977 College Work Study authorization be $420 and this authorization should be increased annually by $40 million to a maximum of $540 million in FY1980.

5. Loans:

a. Federal policy.

Federal policy should not encourage the growth of greater loan debt burdens on students, nor should it encourage loan programs which have repayment periods beyond ten years. Federal policy should work to define a proper balance between grant, work and loan components so that the loan burden does not begin to mentally mortgage an entire generation of students. Loans should not be based on need.

Because it appears that loans cost 50¢ to 75¢ for every dollar loaned and collected, federal policy should work towards a greater reliance on grants and work study as a means of reducing expenses in the loan programs.

b. National Direct Student Loans.

The National Direct Student Loan program provides interest-free loans while the borrower is in school; the loans accrue interest at the rate of 3% annually during the repayment period after graduation. NDSLs constitute an important part of the student assistance program and should not be eliminated.

Because of the lower interest rate of three per cent and the more equitable repayment plan which allows for hardship and unemployment, the NDSL program is a better program, qualitatively, than the Guaranteed Student Loan program, which entails a seven per cent interest rate and a repayment schedule beginning nine months after graduation regardless of extenuating circumstances.

Low interest NDSLs should be available as a matter of right and as a last resort to needy students, particularly to students not able to get other loans.

Capital contributions to the revolving NDSL fund should continue at the $300 million level annually until at least FY1980.

c. Guaranteed Student Loans Authorization.

Guaranteed Student Loans must, similarly, be available as a matter of right to students regardless of the credit status of that student's parents.

The GSL program must, therefore, remain authorized to expend federal funds as necessary to meet student need.

d. Deferral of Guaranteed Student Loan repayment due to hardship:

It appears fairly obvious that the rising rate of defaults on Guaranteed Student Loans is a product of our generally sagging economy. Perhaps it will be necessary, and even economically productive, for graduates who can demonstrate financial hardship to be granted a temporary deferral until such time as these persons can secure employment and ease their hardship. In the interim, the federal government would continue to pay interest charges on the outstanding loan.

e. Top Income bracket to repay early.

If Guaranteed Student Loan subsidies for borrowers from high income families becomes a burden on the higher education budget, perhaps students in the top-quartile (approximately $19,500) could begin to pay interest on outstanding loan while still in school. We agree that the costs of GSL defaults are becoming a problem.

B. Additional Recommendations

1. CONSUMER PROTECTION

a. Refunds, Information for Prospective Students and their Families.

The National Student Lobby believes that consumer protection in postsecondary education can only become reality when students participate at every level of the educational process which affects them.

The growth of consumer protection would also be reflected in provisions for insittutions to have "fair and equitable refund policies" and "truth in advertising" (complete and accurate statements about programs, facilities, and job placement).

In the past year, these provisions have been developed through regulations, now in effect, of the Guaranteed Student Loan program and the proposed Federal Trade Commission advertising, disclosure, cooling off and refund requirements for proprietary, vocational and home study schools (see Federal Register, February 20, 1975, [GSL] and May 15, 1975, [FTC]).

Although exact definitions of "what should be refunded" and "what should be disclosed" will evolve over a period of years, we feel that the principle of "jurisdiction" over postsecondary educational institutions is important enough to students who need information and protection, and to the purposes and sanctity of all federal student aid programs that the basic provisions should be enacted into statute.

We also endorse the concept of having each institution provide assurances that federal student aid has not and will not result in tuition increases. We feel that measuring the impact of federal student aid or what happens to students is important. We look forward to requirements for additional "educational impact" statements to be developed in coming years.

b. Evolution of standards of "what information should be disclosed?" based on "what information students and their families need?"

The Guaranteed Student Loan regulations have outlined in general terms the types and areas of information which institutions shall make a "good faith effort" to provide to prospective students. However, in most instances, specific information elements have not been delineated. Concern for comparability of information between institutions ans programs, timeliness, and institutional capacity to respond to the information expectation all play a role in the reluctance to specify information requirements. However, the concern for comparability and capability have not appeared to move the focus of attention to whether institutions should report but have centered upon the extent to which expectations can be reasonably placed upon institutions. That is, what is "good faith effort?"

What follows is a modest statutory proposal for evolution of institutional reporting requirements. These requirements take into full account institutional capabilities, a concern for comparability, and for timeliness so that the information shared with prospective students does not lose relevancy. The proposal offers a short term solution to the question of what information to share with students on a national, state and institutional basis. In the longer term, there are more other questions to be joined regarding the redundancy of institutional reporting, coordination of information requests and surveys by sponsoring agencies, and the usefulness of information that is requested.

In the long term, it is proposed that all generalized requests for postsecondary information to institutions should be coordinated to provide for common data element definition, cross-referencing of information among surveys, and usefulness of the information collected to not only the sponosring agencies but to the broader educational community and to the institutions that must supply the information as well. It is proposed that information requests can be structured so as to serve as an "invisible hand" that encourages institutions to respond to scholarly, student and societal needs based on well-thought-out information requests. It is this longer term proposal that will be an ambitious undertaking requiring some changes in sponsoring agency information requests but permitting institutions to pay greater attention to fewer information requests--leading to enhanced quality of responses and hopefully serving institutional management and planning needs as well as the needs of the outside information users.

The Congress can impose information standards for reporting to students immediately based upon institutional practices of participating in diverse postsecondary education information surveys already sponsored by the federal government. The most prominent sources of information that could be useful to students are the National Center for Education Statistics' Higher Education General Information Survey; the US Office of Education's Institutional Fiscal Operations Report and Institutional Application to Participate in Federal Student Financial Aid Programs; and other USOE surveys related to vocational education, adult education and still other areas.

Examples of the information that institutions can report on a commonly defined basis as part of an educational prospectus at the present time are:

1. Sources of revenues that support educational operations (e.g., proportions of support from student fees, state, local and federal governments, philanthropy, etc.)

2. Distribution of institution expenditures among major function.

3. Instructional facilities in terms of instructional area in facilities, equipment, new equipment purchases.

4. Faculty salaries, their distribution by amount, by rank, sex, etc.

5. Library holdings, expenditures for new acquisitions, library staff support.

6. Student financial aid funds, their sources, distribution of recipients by sex, civil rights category and family income.

7. Related to graduate students, the National Science Foundation sponsors information collection on all new PHD recipients that yields useful information on time to degree, sources of support through graduate programs, and initial placement.

8. HEGIS collects information on the number of degrees and awards by detailed discipline categories that are uniformly defined and reported on the whole. At the graduate level, enrollments by discipline can be compared to degrees granted to assess the ratio of degree recipients to the number of students enrolled by graduate level.

Other information on students attending an institution can be obtained from test scores, and surveys, and financial aid need analysis reports made to institutions by American College Testing Program, College Scholarship Service, College Entrance Examination Board, Educational Testing Service and others. However, these information are not available in those states and those institutions that do not require test scores for admission or institution-based financial assistance applications.

These examples are given in the spirit of proposing the parameters of what information can be uniformly expected by virually all postsecondary institutions in the nation. It is not suggested that these information requirements should endure for all time. However, in the interest of getting the concept of the institutional disclosure propectus off the ground and ensuring that the content of the propectus is not only comparable but also useful, the requirements given above (numbers 1-8) are suggested for enactment by the Congress at the present time along with the other categories of information about current educational or training programs, facilities, faculty; numbers and percentage of students successfully completing programs in which the prospective student indicates interest; and employment and earnings of graduates in programs in which the prospective student indicates interest; costs including tuition, fees, equipment, and books, room and board provided by institution, and parking at or near the institution.

In addition to disclosure of the above information to prospective students, it is important that the commissioner issue regulations from time to time to ensure that the standards of "what is to be disclosed" and "good faith effort" are comparable between institutions and programs and are in formats which are understandable to prospective students as well as to researchers and attorneys and are not simply the lowest common denominator. Therefore, it is proposed that additional language be enacted:

"Under any provision of this Section requiring an institution to provide information to a student or prospective student, information shall be presented in a form which allows a student or prospective student to compare such information with information about other programs ams institutions. To assist in carrying out this requirement, the Commissioner shall provide, thru regulation for the provision of information, where possible, in common or comparable formats or profiles."

Once again, for the longer term, we strongly encourage the Congress to give direction that postsecondary institutional reporting be coordinated so that sponsoring agencies be brought together to identify their uniqueness and their duplication of effort. As important still is to ensure that institutions are not inundated with redundant information requests that meet isolated research needs but cannot be justified on the basis of a coordinated and wide ranging usefulness criteria.

c. Student Resource and Information Boards.

The National Student Lobby believes that each institution receiving financial assistance, each local or regional counseling center, each statewide agency or program should have a Student Resource and Information Board. The purpose of the Board is to involve many students in the process of delivering financial aid and financial aid information, to involve students in the training process, and to build a system which can communicate inforamtion both "from the bottom up" and "from the top down".

It is the responsibility of such Boards (much as many financial aid advisory committees do already):

1. to distribute information to students, both on-campus and off-campus,

2. to gather and publish thru Economic Survival Manuals and campus newspapers and campus radio/t.v. stations "communication materials" on financial aid,

3. to review financial aid policies of institutions or centers,

4. to review expenditures of "administrative allowances",

5. to coordinate activities with student government associations and student "complaint switchboards",

6. to review information to be disclosed to prospective students about financial aid before publication by an institution,

7. to participate in training activities for students and prospective financial aid administrators,

8. to participate in statewide processes involving student financial aid (review of tripartite applications, steering committee for BEOG training, statewide surveys and mailings, statewide appeals, etc.),

9. to help set up local appeal procedure for financial aid,

10. to have special responsibilities for "exit interviews" for persons leaving school with loan debts,

11. to have a staff person responsible to it (whether a work/study student working in the financial aid office or another person), and

12. to submit an annual report to the institution, center or state agency, a copy of which shall be collected at the national level.

A cross-section of students from that institution should be members of the Student RIB.

A federal provision requiring a Student RIB would institutionalize work already done informally on many campuses and would greatly increase local understanding of and communication about student assistance and work placement programs among students and the entire academic community. (Please refer to Appendix A).

I have also attached as an appendix a draft copy of the "Role and Participation of Students in the Financial Aid System and Partnership," as a background rationale on why students must be involved both as individuals with rights and as organized groups such as Student RIBs which can assist in the administrative process. We have gone to great lengths to articulate the rationale behind Student RIBs, because in the past student financial aid rights and administrative participation have been mostly "discretionery" and "informal". We are now in a period of transition. We hope to work with the committee to determine the appropriate places in which "formalization" of Student Resource and Information Boards should take place in legislation and in regulation. (Please refer to Appendix B.)

d. Institutional eligibility and allowances

We feel it is imperative that students should have certain rights and it is the responsibility of the Congress to work as closely as possible with students in a mutually beneficial effort to protect students' rights.

Above we have described the function of the Student Resource and Information Board as a mechanism to do precisely that.

But, we believe that Student RIBs will not be able for some time to adequately speak for students.

In lieu of an active Student organization on campuses receiving federal financial aid, it is recommended that, under appropriate institutional eligibility sections for all student aid programs, it should be made clear that no institution will be eligible to receive federal aid unless, at the very minimum, an institution provides three services:

1. We feel it is imperative that students have a right to a hearing on financial aid determination, that due process standards and procedures should be applied in the distribution of student financial aid. As financial aid becomes more of a "right" than a "discretionary benefit" it becomes clearer that minimal standards for hearings, institutional policies for awards and rationality in determining eligibility are necessary. We recommend that in constructing the federal student financial assistance structure through both direct aid and institution based aid, appeals process and other elements of due process should be established by Congress. (Please refer to Appendix B again).

2. Each institution should have an active program of financial aid information dissemination designed to put the materials directly into the hands of the student (rather than into the hands of the advisors) through statewide mailings, surveys of student information needs about financial aid, and a stable structure of trained financial aid administrators including a financial aid ombudsman on campus (one ombudsman per 500 students to function in a manner similar to "Vet Reps").

3. An Illinois college student remarked during the College Scholarship Service's hearing this spring that he "believed it to be true" that many students take loans not knowing the implications or the amount of interest or the long range effect on them.

It is absolutely necessary that institutions begin at once to give exit interviews to students leaving school if they incurred a loan debt while enrolled.

The exit interview should inform the student both of his rights and responsibilities in regards to the loan.

It is suggested that administrative allowances should be related to each of these services, no matter how much the allowance is (3% or 5%) or for which program the allowance is intended.

Institutional eligibility and allowances need to be based on the amount of particular services rendered in addition to consideration of the amount of costs incurred by the institutions.

e. Analysis of a Student's Need and Eligibility:

1. We feel it is imperative for Congress to set eligibility standards for student assistance programs. We also feel Congress should make clear that "eligibility analysis" is not the same as "need analysis."

2. There should continue to be an annual review of eligibility done by Congress, although this should not be a review of needs analysis itself.

3. Eligibility standards should be more rigourous for grant programs than for work programs. Almost every institution is going to develop some method of determining need in awarding work-study jobs. Perhaps it will be necessary for private need analysis services to determine a student's need for work under a criteria seperate from a student's need for grant money.

4. All student assistance programs should have administration procedures for full review and hearing on the issues concerning their "need" and "eligibility", based on current year determination. For example, in our testimony last fall on the BEOG family contribution schedule, we pointed out that the year in which many calculations are made is extremely important. In the instance of the years of expecting a financial contribution from a family, an applicant should be allowed to demonstrate through BEOG supplemental forms that a person's year tax dependency has changed. Legal cases involving food stamp eligibility have concluded that "tax dependency for one calendar year as a basis for determining an individual's need in the following year has no rational connection." Persons should be able to bring circumstances up to date to reflect current year need.

5. As outlined above, the April 1, 1973 date should cease to be a factor in determining eligibility for BEOG now that all four classes and parttime students are eligible.

6. The illogical regulation that no student can live with her/his parents for a period of two weeks without becoming a "dependent", irregardless of the students' actual dependency, is too arbitrary to be fair and should be removed by the Congress from the student aid regulations.

7. In addition to seeking participation in campus-based program administration through Student RIBs, in the dissemination of student aid information about BEOGs and in the various consumer protection activities outlined above, students are seeking to be heard in another area related to student need and eligibility: the governance of student aid programs which now involves the Federal-State-Institutional partnership must be expanded to include not only students (who are the consumers) but also members of the general public (who are the taxpayers).

There should be a Student Aid Governance Commission comprised of representatives from each of the five areas mentioned, which would function in the area of Student Aid much like the Securities and Exchange Commission functions in the area of stocks and bonds.

The Commission would review needs analysis and eligibility requirements continually in addition to handling exchange of student data, problems such as costs of processing applications (now picked up by the student) and would prepare an annual Student Aid report for presentation to the Congress.

C. CONCLUSIONS

1. Higher Education as a national priority.

"I think they should lend me something, but I haven't applied yet. I'm worried because I don't know yet. If I won't get scholarships, will I be able to get loans fast enough for the coming year?
"If the money doesn't come through, oh boy, I'm dead."

--Chronicle of Higher Education Article,

February 3, 1975.

With these words a high school senior named Anita living in the Chicago area recently summed up the difficulties students generally experience in availing themselves of federal and local student assistance programs: there is always the worry that the money will not come through.

Unless the authorized amounts of funding for each of the separate programs continues at its present level, adjusted for inflation and wider eligibility, little will be done to alleviate the concern of students that the money they have to have to go to school will not be there when they need it.

If I may, I would like to direct the attention of the Subcommittee to the chart on page 21 of this testimony entitled Federal Student Assistance: FY1971-FY1980. Starting from the left hand column the chart shows the growth of federal monies expended for the six student financial aid programs currently authorized under Title IV of the Higher Education Act. From 1977 through 1980 the columns display the figures recommended by the National Student Lobby except for the Guaranteed Student Loan program expenses which are unable to be projected. FY1976 shows the amounts contained in the Education Appropriations bill, HR 5901.

All figures are in current dollars; FY1977 through FY 1980 are FY 1975 dollars inflated annually at a rate of seven percent.

What the chart shows, Mr. Chairman, is that by FY 1980, $6.842 billion can be authorized for five of the six student assistance programs.

This represents an apparent increase of some $1.809 billion in outlays over the FY 1975 figure of $5.032 billion. I stress the word apparent because failure to increase student aid by at least $1.829 billion over the next four years will represent a cutback of almost 36 percent owing to the hidden effects of increased eligibility and inflation.

On the other hand, an increase to $6.842 billion by FY 1980 will not be felt at all if viewed from a macro-economic point of view.

During FY 1975 approximately .57 of one per cent of the Gross National Product was expended for federal student assistance: $5.032 billion (excluding the amount of $654 million for Guaranteed Student Loans). In FY 1980, the same percentage of the GNP is projected to be the amount of $6.842 billion.

We therefore maintain that the authorization recommendations contained in this testimony represent *no increase in demands on the budget and no change in national priorities* between now and FY 1980.

NSL's recommended authorizations and projected outlays are contained on the chart. By FY 1980 those figures should read:

BEOG	$2,800 million
SEOG	420
SSIG	300
CW S	540
NDSL	300
Soc. Sec.	1,281*
Veterans Ben.	1,201*
Total	$6,842 million

* estimates from the Carnegie Council on Higher Education

Mr. Chairman, we believe these figures to be realistic estimates of students' need and the federal government's responsibility to help meet this need. The four year increase in Basic Educational Opportunity Grants of $2.1 billion to a maximum of $2.8 billion in FY 1980 cannot be ignored if the goal of free *access* to postsecondary education for every student is to be realized. Corresponding increases in SSIG and SEOG monies to ensure adequate *choice* must be similarly realized.

2. *The GI bill and DoD spending*.

Unfortunately, these goals have been jeopardized recently by the harsh realities of inflation and recession. They stand in danger of yet another body blow by those who would set a termination date of July 1, 1975 for veterans educational benefits.

Senate bill 1805 to amend title 38 of the United States code would serve to take away the biggest student aid program in the history of education at a time when the cost of an education is soaring upwards at twice the rate of inflation.

In removing veteran's benefits from students, nothing has been offered in return. Cancellation of the GI bill would force incredible numbers of students to lose their chance for an education. Just because open confrontation has ended in Southeast Asia does not mean that suddenly there are hundreds of thousands of ex-servicemen every year who no longer need or deserve a college education.

The National Student Lobby believes that if the Veterans educational benefits legislation is cancelled, an annually increasing number of active duty servicemen will be enticed into remaining on active duty to get the educational benefits denied them on the outside.

What is to keep graduating high school seniors from flocking to volunteer for active duty to take advantage of the armed force's educational programs? Our organization predicted on October 9 of last year that decreased student assistance would as much as create a new form of the military draft system. Because of less assistance and rising costs, more students are seeking haven in the Army. The newspapers of February 24, 1975 carried the news that the Army's recruitment has been so successful recently it now intends to drop the two year minimum enlistment in favor of a three year minimum.

It is a small wonder that high school graduates are finding the Army more attractive when one stops to consider the advantages. The amount of income forgone by students who would otherwise be employed, is a very important factor from the student's point of view. It has a definite impact on the educational decisions of students and potential students. This lost income can be especially important as a barrier to those from low income families. Loss of income can be avoided if the student gives up the hope of going to college and joins the Army.

It is certainly true that most high school seniors know more about the options available through the armed forces and the Defense Department than they know of opportunities offered by the U.S. Office of Education.

We suggest the underutilization by nearly 25% of the FY 1975 BEOG appropriation can be attributed to the insufficient amount of funding the Office of Education has to publicize the program.

Henry David Thoreau once said, "It is impossible to give a soldier a good education without making him a deserter." In spite of this prophecy, the U.S. Army has recently announced a new program called "Project Ahead." The program is a plan paid for by the Army which lets an individual enlist in the service and start college at the same time. The soldier draws pay, does duties and participates at the same time in a plan which can lead to a college degree. Seventy-five percent of the tuition for college courses will be paid for by the Army. Project Ahead has an advertising budget of over $3 million for a small program which will grant $1.2 million in tuition aid to 60,000 servicemen in FY 1976. To the contrary, the Office of Education has a one million dollar budget to get the word out about the Basic Grants (one-third the ad budget of Project Ahead), yet the Basic Grants service will put $660 million into the hands of more than one million civilian college students in FY 1976 (500 times as much money as Project Ahead).

I would like at this point to insert into the record a two page advertisement which appeared in the March 9, 1975 issue of Parade magazine.

Mr. Chairman, that advertisement alone cost $214,000--enough money for 100 Basic Grants.

The message is clear. Educational student assistance programs such as Project Ahead are destined to replace veteran's benefits which ex-servicemen now enjoy through the GI bill.

By undercutting civilian student aid while establishing attractive new DOD assistance programs we are robbing Peter the student to pay Paul the soldier.

The taxpayers should know that, in the long run, this course we are on is going to be much more expensive than proper funding of Office of Education programs ever will be.

According to the Pentagon, when a young student is forced to enlist in the Army rather than continue education after high school, the average cost for two years of training, allowances, travel, etc. is $22,500, or $11,000 a year--a figure which far exceeds the assistance which would have been required to help that student finish college.

Once the student enlists an array of educational benefits operate as incentives to remain on active duty. With the GI bill gone, the serviceman would no longer have an incentive to go to school in the manner of his/her choice as a civilian.

DOD educational programs have more money to spend per student than the U.S. Office of Education. An incomplete listing of these programs for FY 1974 shows that DOD's budget for student assistance was in excess of $700 million. That amount went to assist 300,000 students, compared to OE's FY 1974 budget of $1.5 billion which had to suffice for all of the nation's eleven million college students.

Some DOD programs in FY 1974 were

1. Senior Service Colleges--5,000 students, $183 million ($36,000 per student),
2. Service Academies--13,772 students, $271 million ($20,000 per student),
3. ROTC programs--50,000 students, $162 million ($3,200 each), and
4. Correspondence or extension courses--230,000 students, $88 million ($374 each).

The National Student Lobby laments the gradual growth of the Defense Department as a major consumer of post-secondary education in schools run other than by DOD itself: ROTC, correspondence, Project Ahead, Foreign Area Specialists, etc.

In FY 1974 DOD spent more than $251 million for student assistance programs benefiting students attending civilian institutions. The implications of the military encroaching to any further extent into the area of civilian education are serious and raise the spectre of military control of our nation's universities.

Under the GI bill, the veteran, not the military, is the educational consumer.

Students are concerned that, if the GI bill cancellation is actually approved, the billions of dollars now invested in this program will be siphoned away from the sphere of civilian education and will, instead, revert to the DOD budget where the money will be spent on the more expensive educational benefits programs sponsored and controlled by the Department of Defense.

3. Congressional Oversight.

Congress should begin working immediately on oversight of all student aid programs whether or not they are in the Office of Education, the Defense Department, the Department of Labor, the National Science Foundation, the Veterans Administration, the Social Security Administration, or others. Student aid should be looked at as a whole. The decline in expenditures on veterans' benefits should be accompanied by an increase in outlays for other student aid programs. We recommend the Congress hold hearings later this year calling together Administration officials mentioned above along with the Congressional Budget Office.

****

Mr. Chairman, that concludes my testimony. Thank you again for the opportunity to testify. I will be pleased to answer any questions from Members of the Subcommittee.

FEDERAL STUDENT ASSISTANCE: FY 1971 - FY 1980

	Fiscal 1971	1972	1973	1974	1975	HR 5901 1976	NSL 1977	NSL 1978	NSL 1979	NSL 1980
BEOG	----	----	122	475	660	660	1050	1650	2250	2800
SEOG	167	220	210	210	240	240	255	310	365	420
SSIG	----	----	----	19	20	44	100	170	230	300
CW/S	158	426	270	270	300	360	420	460	500	540
NDSL	231	291	293	293	329	329	300	300	300	300
GSL	163*	231*	399*	580*	654*	---	---	---	---	---
Social Security	455	521	638	717	856	930	1009	1094	1185	1281
Veterans' Benefits	1117	1482	2016	2452	2637	2653	2444	1968	1511	1201
Total	2291	2171	3948	5016	5032	5216	5623	5990	6366	6842
%GNP					.56	.56	.56	.56	.56	.56

* not included in total

--all figures in millions of current dollars

Appendix A

The Participation of Students in Financial Aid

(Section V of National Task Force on Student Aid Problems report)

Ten years ago the question might not even have arisen. Today it seems only natural to inquire to what extent students themselves can find a suitable role and responsibility within a system that owes its existence to their need. Every individual and agency involved with aid claims, of course, to represent students. But they inevitably represent other interests as well; and to the extent that students are "interested parties," there is no substitute for viewpoints that represent students, and students alone.

Financial aid is a specialized and technical aspect of higher education, and there is a legitimate question as to how far students themselves should become involved in the management end of it. The Task Force suggests the following as a guideline:

> *Students should be able to participate at every level in decisions which directly affect their lives.*

The Task Force believes that students have much more to contribute than many suppose, and that they should be given the chance to participate at the administrative level, at the financing level, and at what may be termed the "political" level. Students should participate through the medium of student organizations, and their participation should be continuous so that student representatives can develop judgment and experience in evaluating and planning, and in weighing complex questions.

The most direct approach would be to allow students to elect representatives to existing decision-making groups. Another approach would be to develop new decision-making groups that would devote themselves to adjudicating student grievances.

> *The Task Force recommends that students be given positions on financial aid policy-making groups at institutional, state and Federal levels. These positions should, so far as possible, be reserved to students elected by student government organizations and to student recipients of financial aid.*

At institutions, students should sit on admissions and aid committees. At the state level, they should sit on borads of the higher educational assistance agencies, including guaranteed loan agencies and state scholarship programs. At the Federal level, students should sit on USOE review and appeals panels.

The presence of students, especially if they are chosen from many different student groups, will keep the needs of different categories of students central to all discussions, and at the same time create another effective channel of cummunication between the aid system and its student clientele. Even without any particular background or expertise, students can be of assistance merely by giving first hand accounts of their own needs and of the weaknesses they perceive in the administration of financial aid. Time and experience will produce a pool of student expertise that can participate on more sophisticated levels. They will learn to speak on complex questions of financing aid; they will also, since they are students, perhaps be more sensitive and aware even than some of the regular administrators of the political aspects of financial aid.

The political aspects of financial aid are well understood on campus; they deserve a more realistic appreciation by the professionals in the financial aid system. This applies particularly to the importance of creating a firm coalition in support of postsecondary education. This kind of support can only come about through better communication with students, through the student newspapers on campuses, through the national media, and through the active interest of parents. In this larger sense, student participation in the financial aid process should help bring about a "national postsecondary educational community," with a unity of purpose and the motivation to make its opinions known to policy-makers and to all others responsible for financing postsecondary education.

Grievances and Appeals

Students need institutionalized avenues for seeking redress. New groups ought to be created for this purpose, since existing policy-making groups, whether or not they have student representatives, can hardly be expected to deal with individual students' grievances.

> *The Task Force recommends that every campus should establish a student aid grievance board, which would adjudicate individual complaints and make appropriate recommendations to officers. Membership on the board should balance students equally against aid administrators and faculty. The record of the board's actions should be available to any student wishing to inspect it.*
>
> *The Task Force further recommends that similar grievance boards be established at state levels by the State Student Incentive Grant Program, to adjudicate all grievances deriving from the administration of all public programs within each state -- institutional, state and Federal -- and to make recommendations for redress to the appropriate officials.*

If a campus has no grievance board of its own, the state board would function in that capacity; otherwise, it would serve as a board of appeal. Its written records should be made available to students and to the public on request. Its annual report of transactions should be distributed to all campus presidents, to the state association of student financial aid administrators, to the managers of all state-supported aid programs, to the USOE regional office, to the state higher education executive officers, and to the head of the state department of education.

APPENDIX B

STUDENT RESOURCE AND INFORMATION BOARDS

An Example of Student Organizing Strategy that Can Make a Difference: Student Participation in Administration of Student Financial Assistance

This strategy has been designed to meet the problems cited in the "Remembering Berkeley" article about students becoming involved in a process in which they do not have the time nor do they get the day-to-day rewards for them to stay involved. This strategy is based on biting off enough that is both immediately important and symbolic, but not becoming involved in complicated programmatic responsibility. The strategy involves mutually supporting participation - rather than isolation - at every level from the campus and community to the federal and national.

It involves participation in:

1. Information dissemination about financial aid (and admissions) through peer counseling on campus, in special recruitment drives in high schools and in the community, and through student newspapers;

2. Training of student financial aid representatives - similar to newly instituted Vet Representatives on campus - as paid ombuss persons to cut red tape and to explain financial aid;

3. Institutionalizing student participation on campus financial resources committees which allocate federal student assistance and jobs, and financial aid appeals committees which adjudicate individual claims;

4. Development of for-credit year-long course on "issues in financing PSE" for persons who work in financial aid offices on work/study, for persons who participate on financial resources committees, for persons who have responsibilities for reporting to student government and newspaper on student resources, and from persons who are in public policy and other fields, to provide an on-going training ground for persons who will be learning their responsibilities, to provide rewards for people who have done work, and to provide an atmosphere in which a community spirit can grow on these issues on campus. (Also for persons receiving student financial aid, and persons with responsibilities for campus overall budget);

5. Develop a kit for student governments and student activities offices on how to organize a financial resources committee on campus, and how to develop responsibility within student government for student resources issues (loans, grants, G.I. Bill, jobs, tuitions, tuition-waivers, etc.);

6. Develop at the statewide level the special function of students of

(a) information dissemination about financial aid programs (through federal contract), and
(b) review of appeals on individual financial aid claims, and in institutional financial aid requests reviewed by Federal Regional Review Panels held at state level, to be carried out as special programmatic function carried out by students on 1202 state PSE commissions (and advisory committee for students) and statewide student organizations.

This would involve information dissemination through campuses, student newspapers, radio and TV, affirmative action outreach programs, and community-based educational counseling center. There would be particular connection with canvassing of high schools by students at collegiate level.

7. Coordinate student participation in adminstration of financial aid at regional and national level, including having students from state organizations participate in OE Review Panels for institutional student aid applications, having students participate on task forces and work groups and in internship working on program management questions (such as design of common financial aid application form for all programs at federal, state, and campus level, designing common terms and calculations of financial "need", and designing the relationship between the federal and state governments, including the functions of the 1202 commission in student assistance issues), and in participation with national financial aid "need analyst" services (CSS, ACT) as well as other agencies involved with designing and researching financial aid questions (including CEEB and ETS), and institutionalizing student participation in local financial aid dissemination through the development of OE contract specifications for training and dissemination; designing OE training component for student financial resource committees, including direct communication with such committees, and development of annual meeting for representatives of such committees, and development of group of minority students involved both with student financial assistance and federal TRIO programs (Talent Search, Upward Bound, Special Services) and Educational Opportunity Centers in low income communities, and to coordinate student participation in a variety of conferences on special issues, such as non-traditional education, and White House conferences on Education (1977) and Libraries and Information Services (1978).

Student Protest, 1975: Stress on Economic Issues

Threatened tuition increases, elimination of programs, faculty layoffs spark demonstrations; militant minority students see gains eroding

Students at Princeton University demonstrate against a proposed increase in tuition during a meeting of the trustees. It was one of many student protests on economic issues this spring.

Our Demands
for Our
vival

Many of the demonstrations against campus cutbacks were led by minority-group students. Above, students at Brown University picket outside the occupied administration building

This spring more than 400 students from the University of North Carolina at Charlotte demonstrated against a proposed tuition increase, shouting, "We stopped the war. We can stop this."

Faced with threatened tuition hikes, the elimination or reduction of student-backed programs and reforms, and layoffs of popular faculty members, many students this spring returned to tactics of protest. They demonstrated, picketed, and even occupied a few buildings—although there was almost none of the violence that marked student unrest during the 1960's.

Ironically, the demonstrations occurred just as the war in Indochina—the issue that fueled most of the protests in the 1960's—came to an end. Even as some students were demonstrating against budget cutbacks, others were dancing in the streets to celebrate the fall of Saigon.

It is by no means clear that the demonstrations this spring presaged a wave of student unrest that will equal that of the '60's. But more campus demonstrations occurred this year than at any time since 1971.

The issue that moves students now is the financial troubles of their colleges. It affects them more directly than the war but is less emotionally and politically charged.

Most Were Peaceful

Students demonstrated against fund cutbacks and tuition increases at such institutions as Brandeis, Brown, Princeton, and Rutgers Universities, the University of Pennsylvania, the University of Massachusetts at Amherst, and the City and State Universities of New York.

Most of the demonstrations were peaceful. Students did strike for a week and occupy a building at Brown. A building was also occupied at Brandeis.

Many of the more militant protests, including those at Brandeis and Brown, involved minority-group students. Such students also occupied buildings at the California State University at Los Angeles, Loyola Marymount College in California, and the University of California at Santa Barbara.

The Santa Barbara protest was probably the most militant. Police arrested 25 protesters after a three-hour sit-in in the computer center. They were demanding the continued funding of black-studies and Chicano-studies centers and the recruitment of more faculty members from minority groups.

Minority-group students also held peaceful demonstrations this spring at Boston College, the Claremont Colleges, the University of California at Los Angeles, the Universities of San Francisco and Washington, and the University of Wisconsin at Madison.

Minority-group faculty members and students on many of the campuses said they feared that the gains they won during the 1960's were being eroded and that their universities would use hard times as an excuse for even more backsliding in recruitment.

Rising tuitions, combined with tightening student aid, affect minority students most severely.

Many of the demonstrations were led by Chicanos, who feel they have not shared as greatly as blacks in the gains of the 1960's. "When the administration thinks minority studies, they think black," said one Chicano leader at Madison.

Another major focus of student demonstrations this spring was the dropping of popular professors, often because of hard times.

Retention of faculty members was an issue in the protests by minority-group students at Santa Barbara and the University of Washington.

Students also demonstrated against dismissals or layoffs of faculty members at the University of California at Davis, the University of Maryland at College Park, Sangamon State University in Illinois, and San Jose State University.

Political, Social Issues

Student protest over political and social issues is not completely dead.

At the State University of New York at Buffalo, for example, 10 students were arrested and four campus security officers injured when about 100 protesters were evicted from a campus building that they had occupied to protest the administration's refusal to let them use student funds to attend a rally in support of the defendants in a case arising out of the Attica prison riots.

Overall, however, students seemed less interested in political protest than in other matters. Students at such campuses as Berkeley, Madison, and the University of Illinois at Champaign-Urbana did hold celebrations after the fall of Saigon, but the U.S. recapture of the freighter Mayaguez aroused little reaction.

> **"I think when fall comes, protests will appear again. Students are no longer willing to make all the adjustments. They are demanding that the universities make part of the adjustments."**

Are the demonstrations this spring the first stages of a return to the era of confrontation that ran from 1964 to 1971? Do they mark the end of the relative peace that has reigned on the campuses in the intervening four years?

"Prophecy is a hazardous business, but I would not be surprised to see the campuses swept with unrest over the next year or two," says Ronald A. Wolk, vice-president for university relations at Brown, site of the spring's most publicized protest.

"I think when fall comes, protests will appear again," says George S. Murphy, Jr., vice-chancellor and dean of student affairs at the University of California at San Diego. "Students are no longer willing to make all the adjustments. They are demanding that the universities make part of the adjustments."

Kathy Kelly, president of the National Student Association, says that this spring's demonstrations were "something that N.S.A. has been predicting."

Ms. Kelly and other student leaders argue that the campuses were not as calm as the media often made them out to be during the last few years. "I attended a big rally against cutbacks with 10,000 people in New York and that night the TV news carried stories on goldfish-swallowing," she says.

Not only have there been a number of protests during the past four years, student leaders argue, but the forces leading to this spring's demonstrations over budgetary issues have been building for some time.

The first manifestation of student unrest over economic issues was probably the student-lobby movement, which has grown to include sophisticated lobbying with many state legislatures and the creation of the National Student Lobby in Washington.

Some student organizations, such as the student senate at the City University of New York, have used both tactics, lobbying and demonstrations. Mr Kelly believes that "students know more about how the university functions now" and that this spring's protests were "more knowledgeable."

Still, it is a long step from a few dozen generally peaceful demonstrations over budgetary issues to the student movement that swept the campuses in the 1960's and shut down or disrupted over 400 in 1970.

Activism Becomes Fragmented

During the past four years of "quiet" on campuses, many students remained politically active, but their activism became fragmented among the interests of specific groups: women, minorities, homosexuals, and environmentalists among them.

Much of that type of activism existed during the 1960's as well, but it was the war that brought it all together in a national movement. What most observers are unsure of now is whether hard times can fill the role that the war did during the 1960's.

> **"It's one thing to send a critical telegram to Nixon in support of angry students. It's quite another to let students determine budget priorities when the very financial survival of the university is in question."**

"There's obviously no national movement like we had in the '60's," says Jim Henson, a graduate student at the University of California at Los Angeles.

Some Communication

Some signs of communication among students are beginning to occur, at least regionally. At Brown, black students received telegrams of support from other campuses when they occupied the administration building. At an N.S.A. Northeast regional meeting last week, organizers of the Brown demonstrations ran a workshop on how to mount a strike against rising tuition.

If student demonstrations over budgetary issues do become more widespread, they will confront administrators with a different set of problems from those they encountered during the unrest of the 1960's.

Then, "the battle was between our students and the outside world," says Brown's Mr. Wolk. "Today the enemy is the administration or the university itself. This time, the officers of the university must be more hard-nosed. It's one thing to send a critical telegram to Nixon in support of angry students or to terminate R.O.T.C. programs; it's quite another to let students determine budget priorities when the very financial survival of the university is in question."

—PHILIP W. SEMAS

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NATIONAL
STUDENT
LOBBY

news release

Headquarters Building - 2000 P Street, N.W. - Washington, D.C. - (202) 833-3116

Immediate Release

Contact: Jay Henderson

STUDENTS TESTIFY
ON CAMPUS MONEY CRUNCH

Washington, D.C., June 10 -- Students from several states met in Washington today to testify before the U.S. Senate Education Subcommittee in support of continued funding for student aid programs at a time when the cost of an education is soaring at a rate twice that of inflation.

"There have been more student protests on campuses this spring than in any year since 1971; unless federal aid keeps up with inflation, the goals of access to an education and choice of an institution will not be realized," said Jay Henderson of the National Student Lobby.

Appearing with Henderson were Tony Affigne, student body president at Brown University where students actively protested tuition hikes this spring, Tom Pyle, leader of the Coalition of Private University Students, Minnie Armistead, a grandmother who is enrolled at MontgomeryCommunity College in Pennsylvania and Mrs. Armistead's daughter, Leslie Armistead, who has decided to join the Air Force rather than go to college as a civilian "because their education opportunities are much better than anything else."

"Tuition is going up by $400 next year; another $225 will be for room and board -- $625 total is more than full tuition at most state Universities. Yearly raises of this magnitude will ultimately deny the student's right to choice of an institution," Pyle explained to the Senators.

The students urged the panel to make the Basic Educational Opportunity Grants program the "cornerstone of financial aid and the mechanism which will ensure true access to all students at all institutions."

"The special problems of varied tuition, fees and other non-instructional costs should be separately addressed through such programs as Supplemental

Educational Opportunity Grants and State Student Incentive Grants," the students wrote in their testimony.

Authorization levels suggested by the NSL for FY 1980 were

BEOG	$2800 million
SEOG	420
SSIG	300
CWS	540
NDSL	300
Social Security-	1281
Veterans Benefits	1201
Total	$6842 million

"These figures are realistic estimates of students' need and the federal government's responsibility to help meet this need." Because the percentage of the Gross National Product for FY 1975 invested in these programs was .56 hundreths of one percent, and because $6842 million is .56 hundreths of one percent of the GNP projected for that year, the National Student Lobby maintained their recommendations represented "no increase in demands on the budget and no change in national priorities between now and FY 1980."

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Statement of

Roy A. Klotz,

Member, Board of Directors,

Associated Students of the University of Missouri

to the

Subcommittee on Education

of the

Committee on Labor and Public Welfare

United States Senate

July 30, 1975

I would like to thank the Subcommittee for their consideration of these remarks made on the behalf of the Associated Students of the University of Missouri, a totally student-directed, student-funded advocacy group. In the belief that is the consumer who is ultimately, most concerned with a product's quality and effect, ASUM is providing the consumers of higher education with a voice with which to express their expectations and disquietudes.

Since ASUM is a member of the National Student Lobby, we will NOT reiterate their position, however, we do wish to voice support for the statement made by Mr. Jay Henderson before this Subcommittee. Our remarks will be limited to observations and recommendations formulated at the campus level regarding the College Work Study Program.

Student Position in the Labor Market

Part-time employment is becoming a more, and more, prevalent segment of student life. Fifty percent of the students of the '70's are working. When this statistic is compared to the forty percent figure for the previous decade and the sparse thirty percent of students who worked in the '50's, it reflects a constant increase in student participation in the labor market. Over five million student workers will earn around four billion dollars during the coming school year. Most of that figure will be accumulated at the current rate of the minimum wage.

The College Work Study Program involves only around ten percent of the student labor force, however, its potential effect on the whole is much greater than that percentage would indicate.

Through paraprofessional positions created with the aid of the eighty percent salary subsidy, the student population can change its image in the community from that of temporary transients to one of productive citizens. Although students spend years, often the rest of their lives, in a community, they are regarded as fit, only, for jobs as migrant, fast-food workers during their years of education. The phenomenal success stories of students placed in major-related and community service jobs are not flukes. They are indicative of the contributions students have to offer, as well, as the potential educational value of the College Work Study Program. The number of such successes is inhibited, only, by the small percentage of major-related positions generated by the program. An eighty percent salary subsidy is capable of much more when combined with effective program coordination.

The most obvious and tangible effect of the CW-SP on the student labor market is its tendency to expend existing jobs, rather than create new positions. With or without the eighty salary subsidy, necessary positions behind dormitory steam tables and maintenance brooms would be filled. For the students, who are not eligible for financial aid and members of the surrounding community, the program amounts to federally subsidized unemployment.

Off-campus/ on-campus vs. major-related/ non-related jobs

The terms, "off-campus" and "on-campus", are not totally appropriate for a discussion of student needs and problems. Student concerns fall more in the area of making jobs relate to a student's field of study. Students, in fact, overwhelmingly prefer to work on campus. The overlap of off-campus employment and major-related jobs occurs as a result of the apparent inability or unwillingness of the institution to provide the latter. The Bureau of Applied Social Research of Columbia University's study of the CWS Program revealed that off-campus employment was more likely to be major-oriented and that it provided a significantly higher degree of satisfaction to student employees than did institutional based work.

Another factor which draws the two terms closer together is the degree of coordination and planning required to effectively operate both types of programs. The HEW CWS manuel includes the caution: " Obviously, a great amount of administrative time is required to make these off-campus programs operate smoothly." In a major-related program, a financial aid administrator becomes an educator in addition to a bookkeeper and counselor. It must be evident that the financial aid officer cannot double as a football coach and effectively direct either of these programs. (The BASR report cites the existance of such situations.) Intially, it would not be necessary to go off-campus to create major oriented jobs. Our academic and occupational counseling, sparsely scattered tutorial programs, and job placement offices are inadequate and offer opportunities for major-related Work-Study jobs. The highest student priority in the field of College Work Study.rests in the establishment of a program in which the emphasis is placed on major-oriented jobs.

Campus Problems

Perhaps, because of the successes of the CWS Program, problems of students involved in Work-Study have been de-emphasized or dismissed as negligible. We would like to see these deficiencies come under closer scrutinization. Toward that end, we have some observations on the existing campus situation.

- The "time drain"

There have been numerous studies, which conclude that grade point averages are not affected by part-time employment of up to fifteen hours per week. They are probably accurate and, in any case, we do not dispute them. What we do dispute is that grade point averages measure knowledge gained. They might, just easily, represent a student's ability to "cram" before an examination or his exam technique. In the case of students with limited time, it is probable that grade point averages do not reflect knowledge,but rather, indicate a familiarity with short cuts.

One of the studies which emphasizes the similrity between the grades of non-working students and their College Work-Study counterparts, also reported over one-third of the students polled complained of being behind in their academic work. It should be noted that "being behind" is a relative phrase. In an urban community college, where it is not unusual to find a majority of the students working full or part-time,out-of-class requirements are milder than those demanded at a major university. If the university standard were used, the one-third figure would undoubtedly increase. Regardless of the standard used to measure the statistic, it remains indicative of the student's time dilemma. Higher education is merely an opportunity, and a degree is only a certification of exposure. Students may avail themselves of that opportunity as they wish or as time permits. It is, nonetheless, absurd to believe that fifteen hours per week in a dormitory kitchen will have no effect on a student''s education. The average class load is fifteen to eighteen credit hours. If the stand formula of "two hours of study for each hour of lecture," is valid, the student is already more heavily burdened than the average, forty-hour per week worker.

Two of the most frequently suggested solutions to the "time drain" are:

- -Academic credit for the practical education received on jobs which relate to the student's field of study. The obvious drawback to this proposal is the vast number of CWS non-related jobs.
- -An increase in the hourly wage rate;a system of merit or "time in grade" pay raises. In a comprehensive study conducted throughout nine southern states, 37 percent of the institutions examined had no differential pay scale for student jobs and used the minimum wage as a pay rate. The major reason cited for this policy (or lack of policy) was administrative ease.

-The end of the semester budget "crunch"

Another outgrowth of the complicated process of intergrating education and occupation, the budget "crunch", has recently recently hit an increased number of Work-Study students. Finacial aid offices caculate the CWS student's need on the basis of the cost of attending the institution. The cost of working is disregarded. Expenses such as outside meals, wardrobe costs, and to-and-from work transportation must be paid with money that was originally budgeted for food and rent. To meet these deficits, which have been aggravated by inflation, students work through breaks and extra weekly hours. Since the only record of the hours a student has worked is kept by the university accounting office, it is a rude shock when the student is informed that his work-study salary subsidy is exhausted even though the semester is far from over. The calculated need did not match the actual need. Until financial aid offices begin to budget for the student's real situation (working and attending school) rather than the ideal situation, problems in this area will continue. This will involve an administrative effort to determine costs in working.

-Sex Discrimination

Despite Title IX, sex discrimination exists in the College Work Study Program. The BASR study revealed that males were twice as likely as females to hold high level, major-, or career-oriented jobs regardless of class level, academic major, or grade average. Males are also paid more. In every region of the country, in every type of institution, the mean hourly pay for the male exceeds that of the female. Failure to institute a major related program will impede the female student's education most severely. As long as the financial aid officer remains an overworked bookkeeper, job stereotyping will continue to exist in the CWS program as a convenient expediency.

Institutional Aid

One of the strongest resitances to change comes from the institutions, themselves. In arguing against major-related work programs, the Director of the National Association of Finacial Aid Administrators claimed:

> "Many institutions depend on students to operate their facilities, not all functions of which can relate to academic programs. To prohibit the use of College Work Study students in these non-related positions, would work a severe hardship on these institutions."

It would seem that the institution's existance has supercedded its purpose. Must we work a hardship on students to avoid working one on our schools? Federal aid to institutions may well be a proper function of the Office of Education, however, a "cooley corp" of disadvantaged students, under the guise of a self-help program, should not be the vehicle for such aid.

We do not wish to seem completely unsympathetic to our colleges' budgeting and administative problems. Any setbacks in their struggle with inflation are translated into reduced services and higher tuition for the student. It is to us, however, unclear exactly what effect an emphasis on major-related jobs in the College Work Study Program would have on the univasity budget. We have doubts as to what percentage of work, now preformed by students, would go unfinished if their services were not available. We would like to know if the College Work Study student is used to preform boring tasks which the permanent staff wishes to avoid. We suspect that many of the institution's CWS programs consist of semi-makework, created for the sake of administrative ease. The BASR study included student reponses which claimed that their jobs consisted largely of makework.

We can speak with greater certainty about the deficiency of academic and occupational counseling programs, sparsely scattered tutorial efforts and job placement centers. These are areas that could easily provide major-related jobs to the benefit of all concerned. Yet, they are left floundering for direction.

If the House Bill is, in any way, prophetic, there will be a significant incease in the number of CWS jobs in the coming years. We urge provisions be instituted to help these new positions reach their highest potential.

Insufficient Administration

The problems outlined in the prceding pages are as much the the result of omossion as they are any overt oppression. It would be an unfair over-simplification to lay the the total blame at the doorsteps of our financial aid offices. The most cumbersome blockade to an effective, coordinated College Work Study Program has been the lack of staff time to implement realistic budgeting systems, equitable salary and advancement procedures, and an expanded number of major-oriented jobs.

The three percent administrative fund is not adequate to supply the time and talent necessary to successfully intergrate the complex worlds of work and education.

Just as it is unrealistic to believe that the universities and colleges will provide the additional funds to free their cheap labor force, it is naive to expect them to react with zeal to any indiscriminate increase in the program's administrative fund.

The desired improvements will not be realized by increased allocations, alone. Instead, money should be invested in well planned programs, and monitored by the Office of Education.

Recommendations for a Program Planning Grant

1) we would encourage the drafting of a program planning grant with the major emphasis on the creation of Work-Study jobs which parallel the student's field of study.
2) The job creation program should not be limited to the institutions, but should include "not-for-profit agencies working IN co-operation with the institutions."
3) The funding level should be not less than one percent of CWS program in each year of the authorization. This would seem to be a modest investment in light of potential returns.

Recommendations for the re-drafting of Section 447

Another useful tool in realizing the College Work Study Program potential would be a modified version of section 447.

1) The veteran's preference section would seem misplaced in this section. We wish to encourage its omission.
2) Make funds under the section pursuant to section 441 monies, with a ceiling of 25 million dollars. The leveling off of enrollment figures will reduce the institution's ability to absorb Work Study positions. New positions created with increased funds must eventually be found in community service. At present, the off-campus segment of the program is seriously

lacking.* Section 447 would seem to be one method of developing this resource while moving toward the solutions to problems.

Summation

The College Work Study Program is fulfilling its staute-stated purpose of providing money to students in need. It is the most popular form of financial aid; and has helped many students avoid strangling, post-graduation debts from educational loans. It is, however, not realizing its potential. It seems implicit in the program structure that the work experience be such that it bolsters the student's education with the addition of a practical element. If the only purpose of the program is to disperse funds, then perhaps, the money would be spent in a grant program such as the SEOG, Making students work for the sake of work is a poor policy when educational opportunities must be sacrificed. We recognize the intuitive benefits of work, however, we feel that they do not balance the deficits for the 63 percent of the CWS students, who are employed as hospitality aides, clerical workers, security and maintenance staff.

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* The BASR study reports that, while two-thirds of the CWS institutions have off-campus programs, only 11.1% of the CWS jobs were outside the institution.

Written Testimony by
The Coalition of Private University Students
for the
Subcommittee on Education
Committee on Labor and Public Welfare
U.S. Senate
Friday, August 1, 1975

The Coalition of Private University Students is pleased to submit this statement of our views dealing with the reauthorization of Title IV of the Higher Education Act of 1965 and the 1972 Amendments. COPUS was formed last November after a student conference on Federal support for higher education, and now includes students and student organizations from thirteen independent colleges and universities.[1] We have come together because we recognize that private college and university students are facing great financial hardships. Almost a quarter (or 2.1 million) of all students in American higher education attend independently-controlled colleges and universities. COPUS, through its research and lobbying efforts, is the single organized voice for those students in encouraging progress on what we see as the realistic goals of the Federal program of financial aid to students: providing choice and access to all Americans for post-secondary education. In that light, we are submitting a number of recommendations for the Title IV Amendments.

[1] The members of COPUS are students and student organizations from: Boston University, Brandeis University, Brown University, Columbia University, Cornell University, Georgetown University, Harvard University, Johns Hopkins University, Massachusetts Institute of Technology, New York University, University of Pennsylvania, Princeton University, and Yale University.

Before discussing details, however, we would like to make clear our basic policy. As mentioned above, we feel that every student should have the right of full access and complete choice in higher education. A policy that favors low-priced institutions by placing severe limits on the amount of funds available to students attending high-priced schools would mean disaster in the long run in both educational and financial terms. In educational terms, it would mean that many independent institutions and their special and distinctive characteristics, so much a part of the variety of our free society, would be drowned under the rising costs of instruction. In financial terms, it would mean that in the end state governments would be forced to carry the educational burden for far more students. It seems clear to us that the increased costs that would eventually result from a policy of limiting the amount of grants to students at schools with higher prices would be far greater than the increases that would result from expanding that aid to the needed levels.

The Basic Educational Opportunity Grant

We believe that the BEOG should be a true entitlement giving education to all students by helping to pay, for those who need it, the required assistance for the non-instructional costs of higher education. To properly put this program into effect, we would recommend language ordering the Commissioner to determine the average national non-instructional costs at the same time that he or she promulgates the expected family contribution schedule. We further recommend that the maximum BEOG grant be pegged to the amount promulgated by the Commissioner for the average national non-instructional costs, thus keeping BEOG grant levels in line with annual fluctuations in inflation. In addition, COPUS believes that each student should be responsible for meeting one-fifth of his or her non-instructional costs through such sources as work-study and summer jobs.

We also recommend a number of changes that we think will improve student participation in the BEOG program. We first recommend that the Commissioner send the necessary number of applications to all secondary schools for distribution , and that he and the schools shall better publicize the program. We further recommend that the Commissioner provide for cases that would safeguard those parents of students applying for aid who lose their jobs in the year the student's application is filed.

The Supplementary Educational Opportunity Grant

We believe that the SEOG program should be the main Federal program for providing choice in higher education. Therefore, these grants should be based totally on instructional costs and awarded directly to students. In arguing for a choice oriented approach to supplemental grants, we do not believe that SEOGs should be focussed primarily on instructional costs of high-priced private colleges or low-priced private colleges or high-priced public institutions; rather, we believe that the proportion of instructional costs picked up by the SEOG program should be the same whether these costs total $2400 or $4500. In addition, so that SEOG dollars are concentrated on student choice, we recommend that a minimum grant of $500 be set. Moreover, in order to ensure the existence of this critical program, we strongly recommend the enactment of a minimum threshold level of $240 million before funding of the BEOG program is allowed. We further recommend that the $240 million threshold level be increased according to fluctuations in inflation.

We recommend this proportional formula for the SEOG because it is clear that as tuition costs continue to skyrocket at independent colleges and universities, placing a dollar limit on the maximum SEOG will make it increasingly difficult for the most needy students to attend those institutions. By removing a dollar limit from the SEOG and replacing it with proportional guidelines, we give all students - even the poorest - the opportunity to attend any college or university for which they qualify. To assure full participation in the SEOG program, we recommend that the written application form for the SEOG be combined with that of the BEOG.

State Student Incentive Grants

COPUS feels that SSIG grants should, as they have in the past, be given to states on a matching basis to complement SEOG grants in covering that need not covered by basic grants.

We recommend that the allotment formula be based on the number of students from each participating state. If some states do not match the funds available to them, the funds should be available for distribution in the next year's allocation. If some version of the current statement formula is used, we believe it would be necessary to use the average state effort index in the formula instead of the highest. Under our analysis, using the highest state effort index as the standard would allow only those states with the high effort indexes to receive full allocations. With the use of the average effort index in the formula, on the other hand, those states averaging better than the norm would receive more funds.

COPUS believes that the SSIG program should grow at an accelerated rate. We therefore recommend that the SSIG program should be authorized to appropriate at least $100 million in FY 1977, and up to $300 million by FY 1980. We further recommend the enactment of a minimum threshold level of $100 million in FY's 1977 and 1978 and $200 million in FY's 1979 and 1980 before funding of the BEOG is allowed.

Federal Loan Programs

COPUS believes that the current NDSL, GSLP and FISL provisions should be retained. In the long run, we feel that loan programs for students should be phased out. Loans are not good financing techniques for students. In many cases, students receiving loans for education are faced with a debt at the end of their education not unlike a mortgage on a house, at a time when they have little ability to pay. But, as things are now, existing grant programs do not adequately cover educational costs for needy students. So we believe that a strong loan program is an important guarantee for students who want to attend the relatively higher-priced schools. We believe that once the BEOG and SEOG programs are fully funded, the need for loans will sharply drop. At that time, we would recommend a comprehensive review and overhaul of the Federal loan programs.

Work-Study

COPUS recommends that College Work-Study programs should provide student workers with not less than the minimum wage. We also recommend that, in light of inflation, the annual increase in Work-Study funds be set at $40 million. To further multiply the effectiveness of Work-Study funds, we believe that the share of funding borne by the participating institutions should be increased. If participating schools paid a larger share of the College Work-Study ratio, more dollars could be available to provide more jobs, and institutions would have incentives to provide more meaningful work for College Work-Study students. Colleges should not assume higher proportions of College Work-Study funding, however, until and unless College Work-Study is fully funded. If the latter were the case, we recommend that the ratio share be set at 75-25 for FY 1977, 70-30 for FY 1978, 65-35 for FY1979, and 60-40 for FY1980.

Conclusion

The program we have proposed takes into account the rising costs of education that will surely occur in the next few years and tries honestly to meet them. We feel that our recommendations would, if adopted, make a major step towards providing full educational access and complete educational choice for every American.

Senator PELL. I thank you very much indeed. We will recess until 10 o'clock tomorrow morning.

[Whereupon, at 11:20 a.m., the subcommittee recessed, to reconvene at 10 a.m., Wednesday, June 11, 1975.]

HIGHER EDUCATION LEGISLATION, 1975

Student Assistance

WEDNESDAY, JUNE 11, 1975

U.S. SENATE,
SUBCOMMITTEE ON EDUCATION OF THE
COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:05 a.m., in room 1232, Dirksen Senate Office Building, Hon. Claiborne Pell (subcommittee chairman), presiding.

Present: Senators Pell, Taft, and Stafford.

Committee staff present: Stephen J. Wexler, counsel; and Gregory Fusco, minority counsel.

Senator PELL. The hearing of the Subcommittee on Education will come to order.

Today, we will continue our discussion of student financial assistance—in essence, title IV of the Higher Education Act, as amended in 1972.

We have an interesting group of witnesses representing many facets of higher education, as well as the organization charged with operating the basic grant program.

Today's hearing will be most helpful in creating the information based upon which to build effective legislation. The Chair would repeat its request of yesterday, that oral testimony be limited to 10 minutes. The full statements will be inserted in the record. I would hope that then we could start and then go in for questions and answers, which does educate me.

Thank you.

STATEMENT OF RICHARD J. RAMSDEN, EXECUTIVE DIRECTOR, CONSORTIUM ON FINANCING HIGHER EDUCATION; ACCOMPANIED BY R. JERROLD GIBSON, DIRECTOR OF FISCAL SERVICES, HARVARD UNIVERSITY, AND WILLIAM IHLANFELDT, DEAN OF ADMISSIONS, FINANCIAL AID AND STUDENT RECORDS, NORTHWESTERN UNIVERSITY

Mr. RAMSDEN. Thank you, Mr. Chairman.

My name is Richard Ramsden; I am the executive director of the Consortium on Financing Higher Education. It is a pleasure to be here.

I would like to introduce my two colleagues.

On my left is R. Jerrold Gibson director of fiscal services at Harvard University; and on my right, William Ihlanfeldt, who is dean of admissions and financial aid at Northwestern University.

Both gentlemen have been extremely active in the activities of the consortium, particularly in our efforts with regard to title IV.

As I believe the Senator is aware, a little over a month ago the consortium released an extensive report on title IV and the six major assistance programs which are part of that title. Copies of that report have been made available to the committee and the staff.

In light of that fact, I do not intend to make a further prepared statement this morning. I would like, however, to bring to your attention one aspect of that report at this time.

As we look forward to the basic grant program reaching its hopefully manifest destiny of serving four classes of undergraduates, of becoming the access program in postsecondary education, and the grant program to which all other programs can relate we felt that some serious thought should be given to the continuing role of the supplemental grant program. I do not think it is news to the chairman that over the years many people have felt that the present supplemental grant program is inequitable. Receiving help under the SEOG program is very much a function of which school one attends and in which State one matriculates.

In the report which was released a month ago, we attempted to deal with that inequity. We feel there is great merit to using the example of the basic grants program and turning the supplemental grant into an award which is made directly to the student, as is the case in the basic grant program.

In addition, if the basic grant program does become—and we hope it will—the access program in postsecondary education, we feel that the supplemental grant program has an opportunity to fill a unique role of providing a degree of choice among institutions in the society.

In the report we have gone to great lengths to show how, roughly using the same amount of resources that are presently devoted to the present SEOG program, those resources might be much better directed to serve lower and middle-income students attending moderate- and higher-priced institutions.

I would hope that that particular thought—that there is a useful example in the basic grant program that we can use with great merit in reviewing the supplemental grant program and that perhaps we could create a new and I think carefully designed relationship between those two critical programs—would be useful in the committee's review of the BEOGs and SEOGs programs.

Mr. Chairman, that is all I have in the way of statement at this time. I would be delighted, as would my colleagues, to answer any questions.

Senator PELL. What would be your thought with regard to the thought of a change being made in the basic grant being used without the restriction about half the cost of the education?

You would like to see that eliminated?

Mr. RAMSDEN. Yes. As a group of private institutions, we studied that particular subject long and hard.

The more we analyzed it the more we came to the realization that the one-half cost limitation is primarily affecting young people who come from families with incomes of $7,000 to $8,000 or less, and attending the lowest priced educational institutions. The one-half cost limitation does not affect students attending higher-priced institutions, including our own, or students who have even a modest amount of parental support. The more we looked at this particular subject, we felt that the basic grant program is going to deal with the problem of access for the young person from the low-income family, often the first member of the family to ever attend college. We felt it is worth the investment to remove the one-half cost limitation. The removal would clean up the program, and would mean that henceforth we would not have to, in effect, determine total cost of attendance for every single student to determine what his or her basic grant would be.

Even though the major beneficiaries, I suspect, would be students attending community colleges and public institutions, we do feel that the one-half cost limitation under BECG should be removed.

Senator PELL. The thought that this would be more of an access mechanism rather than part of the student assistance package would not disturb you? I am not convinced that this is a correct view or incorrect view. I have a completely open mind on it. But the original concept was to try to spread it over as broad an economic spectrum as possible so that middle-income families would benefit by this program as well as poor-income families. If we adopt this change only the poorer families would benefit from the program.

The youngster would go to the community college in the neighborhood. The basic grant providing for the total amount of expense involved; thus removing a real political force, the middle-income groups from the efforts to fund the problem.

Mr. RAMSDEN. Perhaps I could answer the question this way.

I think to create a program which completely provides both access and choice obviously would be highly expensive. In terms of the Federal responsibility, at least as I view it, and as I think the consortium views it, the primary responsibility is to help meet those access costs which are the threshold costs that every student, whether attending the highest-priced institution or a community college, must come to grips with, to have any opportunity for postsecondary education.

The further one goes up what we might call the tuition curve, as one goes from a zero tuition institution to one that may have a tuition of $4,000, we feel that increasingly, the student, the family, and institutional and State resources have to play a larger and larger role. The Federal Government, through the supplemental grant program can be helpful in that choice process, but the primary responsibility resides with the individual, his family, the States and institutions. That is why we try to separate out the problems of access and choice and through the basic grant program, provide a level of support to permit access; but we try not to mix access and choice and BEOG and SEOG in a way that quite frankly is very, very hard to define and deal with.

Senator PELL. You see the basic grant then as being the floor, or the bottom brick of the structure for access for those students who need that for access into the educational system?

Mr. RAMSDEN. It would be in effect a partnership between the Federal Government, the student, and the student's family, to insure that in every case sufficient resources would be made available to at least make possible attending the lowest priced institutions in the society.

Senator PELL. But would not this result in the basic grants going only to those from lower-income families and, hence, lose these political supports we need in the Congress and the administration for a lower- and middle-income program?

Mr. RAMSDEN. I think as long as the basic grant program is a need-based program, and as long as it is finitely-funded, the fact of the matter is that a grant will always be a given figure, less the family contribution. Unless we make the maximum grant very high, or the needs analysis system very liberal, the awards are, in effect, going to cut off at some point. It is going to cut off, in our own proposals, in the $13,000 to $14,000 area and in that area, the help will be relatively modest.

It is in recognition of that fact that we try to separate access and choice and say, on the other hand, if a student attends a higher-priced institution, would it not be possible for the Federal Government, by redesigning the supplemental grant program to provide some help to students and families where family income might go up into the high teens. But we are only providing help in that instance if work-study is being brought to bear, loans are being brought to bear and State and institutional scholarship funds are being brought to bear.

We in effect create a package that, yes, does serve the lower-income student; but, in addition, it is a package which also is of meaningful help to middle income families who choose higher-priced institutions.

Senator PELL. Do you think it would be helpful if we wrote into the legislation provisions exempting homeownership up to, say, $25,000, and savings accounts up to $10,000?

Mr. RAMSDEN. May I defer to my two distinguished colleagues on that?

Bill, would you care to comment on that, or Jerry?

Senator PELL. This would enlarge the need, opening it up to a larger number of students.

Mr. RAMSDEN. As far as the actual system of needs analysis, I have a couple of prejudices. One would be that I would prefer to see the Federal Government leave the technicalities of needs analysis to the private needs analysis community.

I think the gentleman who will be here tomorrow can undoubtedly answer that question with much greater skill and utility to you than I.

I know the studies have been done, especially in New York, about the importance of including or excluding assets. I am not sure that the New York experience is necessarily indicative of the experience nationwide. But I do not think we have the knowledge ourselves to say categorically that one way or the other is better.

Senator PELL. Of the students in your institutions now, what percentage are receiving basic grants?

Mr. RAMSDEN. Would you like to give the answer to that?

Mr. IHLANFELDT. We have 6,500 undergraduates——

Senator PELL. Which school?

Mr. IHLANFELDT. Northwestern University. Our students are receiving approximately $300,000 in basic grants.

Senator PELL. If this change is made, do you see the number of students receiving basic grants going up or down in your institution?

Mr. IHLANFELDT. I think it is very much related to the philosophy of the institution and the kind of student body that it is attempting to create.

We have been very much committed to the whole concept of access since 1965, and our freshman class over the last 3 or 4 years has been 14 percent minority.

We also have substantial numbers of families in the $10,000 to $20,000 income category. We find that what the basic grant does, and essentially what BEOG also would do under our proposal is permit us to spread our own institutional aid funds to more students; so I think what we would in effect do is broaden the number of students that would have access to institutions such as Northwestern.

Senator PELL. Finally, in connection with the Consortium on Financing Higher Education, what is its length, its livelihood; and how did you define which 22 colleges would belong to it?

Mr. RAMSDEN. Perhaps I can best answer that.

The consortium has its origins in a study that was undertaken in 1971 and 1972, involving nine private colleges, primarily in New England, looking at some of their long-term financial problems.

When that particular study, which was supported by the Sloan Foundation, came to an end, the schools involved felt they were just beginning to work well together on some long-term problems, among them, how to maintain diverse student bodies during a period of rapidly rising tuitions. As a result the consortium was created.

The consortium is supported by its members, and we simply expanded the group to include other private institutions with national student bodies which were worrying about the same problems. We happened to stop at 23, that is a manageable number but we may expand some more if it makes sense to do so.

Our primary purposes are comparative cost studies within our institutions to see how we can save dollars and keep our costs down. We are also doing market research to understand better what is happening in terms of the student marketplace in the United States. It was almost by chance that we had a number of individuals, two of them here this morning, who have extensive experience in the whole field of student assistance. Since the legislation is only reenacted every 4 years, we decided to attempt to come up with something that would be useful to Congress. That is how we produced the title IV report, but it is not our major focus.

Senator PELL. Who finances you?

Mr. RAMSDEN. We are self-financed. We have a budget of under $100,000 a year.

Senator PELL. There is quite a lot of discussion about administering Federal programs of institutions.

Do you have any statistics as to the cost of operating these programs on a per capita or per dollar basis, which ones are more expensive than others to operate?

Mr. **Ramsden.** I think Mr. Gibson who manages the loan programs at Harvard University, might be able to better answer that question.

Mr. **Gibson.** There is a 3-percent allowance for the Federal campus based assistance programs, and that has been adequate to cover the costs that we have. Our experience under the BOEG program is limited. We have less than 10 percent of our students receiving BEOG grants and therefore that has not been a significant factor.

Senator **Pell.** If you wanted to create an administrative payment for the basic grants program on a cost basis, what do you think the appropriate figure would be, $10, $20, $30?

Mr. **Gibson.** I don't have any particular response for that. I know there are some schools that feel very strongly that there ought to be some kind of Federal subsidy for administrative costs.

We are less interested in that in terms of priorities than we are in expenditures under some other part of the program. We would rather see increased funding for the students than for administrative costs, if we have to choose between the two.

Senator **Pell.** Thank you very much. Senator Taft?

Senator **Taft.** Thank you, Mr. Chairman. Just a couple of questions.

To what extent do you think that the increase or decrease of the basic grant can result in increased or decreased tuition charges by the institutions?

Mr. **Ramsden.** Let me put it——

Senator **Taft.** What do you do about it?

Mr. **Ramsden.** I do not see the basic grants to program having any real impact on institutional pricing policy. Perhaps I speak from a somewhat narrow perspective of this group of institutions.

Let me put it in its perspective of our own financial aid picture.

Roughly one-third of our students receive grant aid; perhaps another 10 percent over and above that total receive jobs and loans but no grants. At most of our institutions, our total cost of attendance is about $6,000. That is tuition, board, room, fees, and transportation.

The typical need of the average financial aid student is $4,000. We make that up typically with a $1,500 self-help component, which might be a $1,000 loan and a $500 job. The average grant is approximately $2,500, which meets the rest of the student's need.

At our institutions, we are having to provide from institutional funds, maybe $5 or $6 of our own scholarship funds for every dollar we see of Federal and State grant money. There are a few exceptions, Illinois and New York being the most important, when there are excellent State grant programs.

So to suggest, that Federal student assistance programs are a factor in our tuition pricing is not correct, not at all. If anything and the experience of Brown University this spring comes to mind, as we look at the student aid commitment we have made in good faith since the late 1960's, that as we go through this period with its combination of inflation and a reduction in some of our traditional revenue sources, we are very, very concerned about our ability to meet our extensive student aid commitment.

I think the experience on campuses this spring showed it is hard to come off that limb which is the commitment to a diverse student body and to disadvantaged and minority groups. We do not want to, but we have institutions in our group that have not balanced their budget in several years and will not for another 2, and a significant factor is that we have put ourselves on the line in the whole area of student assistance.

Senator **Pell**. How do you feel about the situation in regard to public institutions, in regard to the same question?

Mr. **Ramsden**. I think that the most important student-assistance policy that public institutions can have is to keep their tuitions low.

If you are really talking about access, we feel that that policy is going to do more in creating access then a high tuition policy and getting into financial aid in a big, big way. I do not think that the way to help private eduaction is to create higher tuitions in the public sector. Every single State is a distinct, separate educational market in the United States, and I think every single State has to be looked at separately.

As outlined in the report that was released a month ago, we feel that a combination of a first-rate basic grants program, building on the architecture of 1972, one which is a true-access program, to at least the lowest priced institutions, and building on top of that the pieces of work, loans, State and institutional grant programs to provide a degree of choice, with the supplemental grant program being an important component of that package, that we will come very close to having an excellent financial aid system in the United States. In addition, we will have put the pieces together in a new way to provide some new choices for students.

I think the pieces are there. We are not that far from a truly superb system.

Mr. **Ihlanfeldt**. Senator, if I could broaden the perspective in the sense of looking at more than 23 institutions.

Tuition represents in many small colleges, 80, 90 percent of their total budgets. I would not see any drastic effect upon their budget as a result of the basic grant program.

I think what it does do is it expands the market for those institutions and clearly if the BEOG program was structured in the way recommended by the consortium it would permit a far greater number of people to select themselves into the pool of those considering the smaller private college as well as the institutions such as we represent.

Mr. **Gibson**. One word.

It seems to me there are pressures to keep tuition down far greater than anything exercised by the BEOG program.

In the private sector, we must be competitive. We are interested in getting the best students, and clearly we are very much aware of the disparity between tuitions at private and public institutions. So the factor that is weighing on us most heavily clearly is the marketplace and our ability to attract students from middle-income families when the tuition is high.

Every time our tuition increases by a small increment, then we decrease our ability to attract those students and that pressure will act upon us, whatever happens to the BOEG program.

Senator **Taft**. Thank you very much.

Senator PELL. Thank you very much indeed, gentlemen, for being with us. Mr. Ramsden, it is nice seeing you again.

Our next witness will be Mr. Ronald J. Iverson, who is chairman—president of the National Association of State Scholarship Programs.

I know Mr. Iverson, being from Vermont, that Senator Stafford hopes to be here and would like to extend his best wishes to you.

STATEMENT OF RONALD J. IVERSON, PRESIDENT, NATIONAL ASSOCIATION OF STATE SCHOLARSHIP PROGRAMS, AND EXECUTIVE DIRECTOR, VERMONT STUDENT ASSISTANCE CORPORATION, ACCOMPANIED BY HUGH VOSS, MISSOURI, PRESIDENT-ELECT, NASSP

Mr. IVERSON. Mr. Chairman and members of the subcommittee, I am Ronald Iverson, president of the National Association of State Scholarship Programs, and executive director of Vermont Student Assistance Association. With me is Hugh Voss of Missouri, who is NASSP's president-elect.

On behalf of our entire membership, I want to express our appreciation for this invitation to appear before your subcommittee today to discuss State student incentive grants, SSIG.

During the last year, there were 27 States funding and operating student grant and/or scholarship programs. The initial funding of SSIG created a considerable, positive reaction among the States. I am pleased to report that 41 States and territories are currently administering student assistance programs and 50 States and territories submitted requests to participate in the SSIG program during the 1975–76 academic year. This response could not have occurred without the support of the Senate, under the leadership of this subcommittee.

The $19 million of SSIG funds appropriated during the first year have been matched by State tax dollars, totaling $37 million, which provided grants to 101,000 students during the current academic year.

I would like to cover eight basic points supported by NASSP, involving the SSIG program:

1. In only 1 year, the States have developed SSIG into a viable, complementary program with an efficient delivery system. Major funding increases can be easily accommodated by most States. We were capable of matching an additional $215 million this year if Federal funds had been available. As well as the delivery of dollars, the States are equally committed to the dissemination of information regarding all financial aid resources available to the student.

2. The State agencies currently participating in the SSIG program fall into two categories: (1) the newly formed agencies whose total student grant/scholarship fund is derived 50 percent from Federal dollars and 50 percent from the State treasuries; and (2) the older, more established agencies whose total student grant/scholarship fund is derived 5 percent from Federal dollars and 95 percent from State revenues. Major SSIG program changes will have a serious effect on both agency categories.

To expect the new agencies to dramatically alter their newly created programs may well cool their present enthusiasm and lead to declining State commitments, especially during periods when new program benefits are being scrutinized by the States' legislative and executive branches as a result of the scarce availability of State revenues.

The more established agencies view major program changes with great caution because they lack adequate dollars to implement such changes while simultaneously fulfilling their States' mandate. If the Federal Government wishes to woo additional State dollars for student assistance, a substantially larger Federal SSIG appropriation would be imperative.

In the same vein, major program changes can be accomplished with positive, attractive incentives which permit States to continue to meet their local objectives in addition to any new Federal goals. The use of such incentives will be especially important if the SSIG allotment formula is altered or if the student and institutional eligibility requirements are broadened. These incentives must appeal to both new and established State agencies as well as to the State legislatures who created the agencies.

3. We believe that student assistance funds must be directed to students who demonstrate financial need. An even greater portion of a student's financial need will have to be met through loans if grant and scholarship dollars are diluted as a result of no-need criteria.

4. The distinction between initial and continuation awards should be eliminated in order to give States the ability to more effectively use SSIG dollars. The current continuation funding feature may cause States to target SSIG funds in ways which insure maximum funding for continuation awards. This may result in a distortion of program objectives.

5. The States have welcomed the program flexibility thus far, encouraged by the U.S. Senate and House of Representatives under the SSIG program. This form of revenue sharing, in which States administer a program under Federal parameters which are sufficiently broad enough enough to permit States to meet local objectives, has certainly been a contributing factor in the positive reaction to SSIG. We believe that maintaining this philosophy will encourage additional State funding and fulfillment of local goals, objectives, and needs, while concurrently providing the Federal Government with a mechanism to conduct program reviews and audits to insure accountability.

6. With the advent of new Federal student assistance programs and approaches, State programs are no longer providing the basic platform upon which all other assistance is built. Instead, our programs are supplemental. As a result of these changes, we are sensitive to the acute need for coordination to avoid the overfunding of individual students. This is especially critical now that we have two postsecondary entitlement programs whose awards cannot be adjusted. If States, without knowledge of each student's entitlement, distribute their dollars, we know from experience that some students will receive more than needed, while others will be burdened with unrealistic debts. We feel some stewardship is necessary and stand ready to act in this capacity.

7. NASSP would like to take this opportunity to congratulate the chairman and subcommittee for the crucial role they played in conceiving and developing the long-needed, important, student-oriented BEOG program.

However, it is very discouraging to learn of a $135 million surplus in the BEOG program at a time when State scholarship and grant programs are forced to turn away needy students because of limited funds.

In a recent survey, States indicated that considerably more than half of the eligible, qualified students who applied for SSIG aid have not been awarded funds because of the lack of available dollars.

NASSP believes that BEOG should continue to be the foundation grant to sustain needy students with SSIG and institutional programs rounding out the package.

Currently, BEOG is not providing the full foundation. Perhaps this is because of insufficient outreach or an overly stringent eligibility index. NASSP believes it can work with the U.S. Office of Education to improve the BEOG program. Several States are field-testing common application forms and some States have offered to experiment with an alternative delivery system for BEOG funds in cooperation with the U.S. Office of Education.

We believe it is time for the Federal Government to give serious consideration to State administration of BEOG, at least in the form of field tests in one or two States.

8. The National Association is pleased to support the significant role being played by the National Task Force on Student Aid Problems, also known as the Keppel task force. We are optimistic that improvements will be realized through the task force's efforts. Most States stand ready and willing to live in a new world with a common student data form, a new delivery system, improved coordination, and standard terminology. Obviously, our enthusiasm and success will depend to a large degree upon the willingness of other parties—the Federal Government and postsecondary institutions—to duly declare their intentions and adopt the recommendations of the task force.

In summary, the National Association of State Scholarship Programs would like to see financial aid programs function in a comprehensive, complementary manner which would systematically meet the needs of U.S. students. SSIG has had a notably successful first year and all indications point to more progress in the near future. We look forward to building a strong, reciprocal, complementary State-institutional-Federal partnership.

My colleagues and I will be happy to answer any questions you may have.

Senator PELL. Thank you very much, Mr. Iverson.

As you know, some States limit their State scholarship funds for use in institutions in their own State. Others permit portability.

Mr. IVERSON. Yes.

Senator PELL. Could you submit for the record those that permit portability and those that limit it to their own States?

Mr. IVERSON. Yes; I would be happy to submit that.

[The document referred to above follows:]

National Association of State Scholarship Programs

June 23, 1975

Senator Claiborne Pell
United States Senate
Washington, DC 20510

Dear Senator Pell:

I am happy to provide the information you requested during our hearing on June 11, 1975.

Those states and territories which permit portability of state grant funds beyond their borders are:

Connecticut	Rhode Island
Delaware	Vermont
District of Columbia	American Samoa
Massachusetts	Puerto Rico
New Jersey	Trust Territories
Pennsylvania	Virgin Islands

Sincerely,

Ronald Iverson
President

RI/jfd

PRESIDENT
Ronald J. Iverson
Vermont Student Assistance [illegible]
156 College Street
Burlington, Vermont [illegible]

[illegible]
[illegible]
Student Aid Program
[illegible]
Jefferson City, Missouri [illegible]

PAST PRESIDENT
Richard H. Johnston
Higher Educational Aids Board
[illegible] Wilson Street
Madison, Wisconsin 53702

SECRETARY-TREASURER
Mack C. Adams
Coordinating Board
[illegible] Building
Austin, Texas [illegible]

Senator PELL. What is your own view with regard to portability?

Mr. IVERSON. My personal view is that we should have portability. From an association standpoint, the Federal legislation which was enacted and which the States reacted to in creating State legislation, did not require portability. This gave the States the option.

Certainly in a time when there are empty beds in State institutions, State legislatures do not look favorably upon portability. However, we are confident that with additional funds, and as the program grows, the States will be in a position to accept portability and to expand their programs and give every opportunity possible to the residents of their State.

Senator PELL. Of course you know the restrictions were often put on before the Federal incentive was enacted. The Federal incentive, Federal dollars might somewhat change that view.

Mr. IVERSON. Yes.

Senator PELL. What do you think should be done to increase the cooperation between the Federal and State efforts?

Mr. IVERSON. Well, to be candid, the incentive in some States, such as my own, where State effort is 98 percent of the total grant program; the Federal share being 2 percent, I do not have a very convincing argument to change the program other than what my State legislature desires.

On the same hand, in those new States that are just emerging, 50 percent federally funded and 50 percent from State treasuries, the ability for them to go back and ask for program changes, additional money, may be unrealistic in the first year.

But as far as working with the Federal Government, I think the idea of the broad Federal parameters put out to the States in which the States could respond to local needs was imperative and brought this partnership together, while allowing the Federal Government accountability.

Senator PELL. What would be your view on making the basic grants a State-run program?

Mr. IVERSON. I would very much like to see the basic grant program at least tested on the State, with the State given the opportunity to administer this program.

I say this for a couple of reasons: One, I think historically, looking at the federally-insured loan program, administered centrally from Washington, was disasterous certainly in my own State, which had a State-guaranteed agency and Federal loan program. I am fearful that the same historical pattern could be repeated in the BEOG program. Without good dissemination of information and local office where people can call to have their questions answered the program could die. The institutions and the States have been acting in this capacity.

We receive as many calls regarding the BEOG program in my office as we do regarding our own program. We visibly were out disseminating information. In Vermont, we were making commitments to students in their first year of college—in high school; I am sorry. So the people are aware of the BEOG program before they make decisions regarding their future educational plans.

Senator PELL. Do you think it would add to the cost of the program if the State administered it?

Mr. IVERSON. No; I do not, sir.

Senator PELL. Do you think there would be a diversity in the way it is administered? Too much diversity so that you would have 50 separate administrations instead of 1?

Mr. IVERSON. I think you could have it administered in identical fashion in every State. This would be a decision for Congress and then hopefully the Office of Education would carry out that mandate in such a way that if I were told to use certain income data, asset information, in particular fashion for calculation, I would do that and be under—be subject to audit and so forth.

There is no reason that we cannot use the common application in the States.

Senator PELL. Yesterday, the suggestion was made and I think you made it again, of a single application that could be used for all the Federal programs.

What would be your reaction to that?

Mr. IVERSON. Very positive. We have used the common application in my State. We could calculate the BEOG award right from that data; it has worked fine.

There is just one form and this eliminates some of the rigamaroll that I think you, particularly, Mr. Chairman, have been very sensitive to and should be commended for: trying to simplify the bureaucratic procedure for students.

I personally hope to continue in that.

Senator PELL. We do our best and we have as you know oversight over this program.

I believe now that the forms are very complicated. I tried filling them out myself, and found it to be a very complex form.

The Senator from Vermont.

Senator STAFFORD. Thank you, Mr. Chairman.

I regret that I have this morning five subcommittees and one full committee and that is the reason why I was not here during your opening testimony.

Let me ask you, what role can the States play in administering the basic educational opportunity grant program?

Mr. IVERSON. Senator, we were discussing this and we felt the States could play a significant role in the dissemination of information and the actual delivery of dollars by the calculations from a common form of the student's eligibility index.

Most importantly, as you know, in Vermont, the importance for a local family to be able to contact an agency or an outreach program near their home is essential.

Senator STAFFORD. If members of the panel could create a new government assistance program for students and institutions of higher education, how would you do it and what roles would you assign to the Federal Government, the States and the institutions?

Mr. IVERSON. It has been about a couple of months we have been talking about that and we still have not come to a conclusion.

First, I have to speak as an individual now and not as a representative of a national association of student scholarship programs.

Very generally and first without question, Congress must be the policymaking unit for financial aid programs to the point of mandating the coordination efforts. I would look and maybe explain my own feelings by looking at the roles that the Federal Government, the States and institutions could play. I see the U.S. Office of Education as a regulatory branch, one who coordinates program efficiency, conducting reviews and audits for primarily carrying out what this body desires, but USOE would not administer programs.

I would see on a State level, the BEOG, SSIG-type of program, being administered and the delivery of dollars under the direction of the Office of Education to again assure the accountability of these funds along with the guaranteed, insured loan program.

Then again, on the institutional level, we could take the existing three programs and put those into a combination, and allow the institution some flexibility in how they would use those funds, whether it be for grants, work-study programs or maybe even some special incentive for an unusual program.

I would try to simplify it to that degree of a common-needs analysis, common form, and so forth.

Senator STAFFORD. Thank you.

Yesterday, the chairman and this Senator were engaged in the committee conference which involved the BEOG program. Since we have you here, may I ask, do you have any thoughts regarding the elimination of one-half cost in the BEOG program?

Mr. IVERSON. I personally again—the association has not taken a standpoint on this, would disapprove of eliminating half-cost and I say that for this reason: I am not so concerned with how much money a student is receiving but how much unmet need we are leaving that student with.

If we eliminate half of cost, there will be a flow of dollars from a particular student to another eligible student, assuming the same appropriation. What we may find is, one student is fully funded with BEOG dollars to go to a community college, which has no tuition cost, but on the other hand, if he then decided to go to a higher-cost, private, or another student is going to a higher cost private, that student's unmet need after the BEOG dollars were awarded would become greater. That is why I would be opposed to taking half a cost off. Because I have looked at the unmet need factor more than the gift aid dollars in a State program, and try to equalize loans—if there is a loan requirement, I think loan debt should be spread equally somewhat among all students.

Senator STAFFORD. Thank you very much.

Thank you, Mr. Chairman.

Senator PELL. You said you are opposed to taking off the half cost?

Mr. IVERSON. Yes. I personally am.

Senator PELL. Thank you very much indeed, Mr. Iverson. Thank you. It is always good to have you with is.

[The prepared statement of Mr. Iverson follows:]

STATEMENT BY

RONALD J. IVERSON, PRESIDENT
NATIONAL ASSOCIATION OF STATE SCHOLARSHIP PROGRAMS

BEFORE THE

SUBCOMMITTEE ON EDUCATION
COMMITTEE ON LABOR AND PUBLIC WELFARE
THE UNITED STATES SENATE

WEDNESDAY, JUNE 11, 1975

Mr. Chairman and Members of the Subcommittee:

I am Ronald Iverson, president of the National Association of State Scholarship Programs, and executive director of Vermont Student Assistance Corporation. With me is Hugh Voss of Missouri, NASSP's president-elect. On behalf of our entire membership, I want to express our appreciation for this invitation to appear before your subcommittee today to discuss State Student Incentive Grants (SSIG).

During the last academic year, there were twenty-seven states funding and operating student grant and/or scholarship programs. The initial funding of SSIG created a considerable, positive reaction among the states. I am pleased to report that forty-one states and territories are currently administering student assistance programs and fifty states and territories submitted requests to participate in the SSIG program during the 1975-76 academic year. This response could not have occurred without the support of the Senate under the leadership of this subcommittee.

The $19 million of SSIG funds appropriated during the first year have been matched by state tax dollars, totaling $38,000,000 which provided grants to 101,000 students during the current academic year.

I would like to cover eight basic points supported by NASSP involving the SSIG program:

1. In only one year, the states have developed SSIG into a viable, complementary program with an efficient delivery system. Major funding increases can be easily accomodated by most states. We were capable of matching an

additional $215 million this year if federal funds had been available. As well as the delivery of dollars, the states are equally committed to the dissemination of information regarding all financial aid resources available to the student.

2. The state agencies currently participating in the SSIG program fall into two categories: (1) the newly formed agencies whose total student grant/scholarship fund is derived 50% from federal dollars and 50% from the state treasuries; and (2) the older, more established agencies whose total student grant/scholarship fund is derived 5% from federal dollars and 95% from state revenues. Major SSIG program changes will have a serious effect on both agency categories. To expect the new agencies to dramatically alter their newly created programs may well cool their present enthusiasm and lead to declining state commitments, especially during a period when new program benefits are being scrutinized by the states' legislative and executive branches as a result of the scarce availability of state revenues. The more established agencies view major program changes with great caution because they lack adequate dollars to implement such changes while simultaneously fulfilling their states' mandate. If the federal government wishes to woo additional state dollars for student assistance, a substantially larger federal SSIG appropriation would be imperative. In the same vein, major program changes can be accomplished with positive, attractive incentives which permit states to continue to meet their local objectives in addition to any new federal goals. The use of such incentives will be especially important if the SSIG allotment formula is altered or if the student and institutional eligibility requirements are broadened. These incentives must appeal to both new and established state agencies as well as to the state legislatures who created the agencies.

3. We believe that student assistance funds must be directed to students who demonstrate financial need. An even greater portion of a student's financial need will have to be met through loans if grant and scholarship dollars are diluted as a result of no need criteria.

4. The distinction between "initial" and "continuation" awards should be eliminated in order to give states the ability to more effectively use SSIG dollars. The current "continuation" funding feature may cause states to target SSIG funds in ways which insure maximum funding for "continuation" awards. This may result in a distortion of program objectives.

5. The states have welcomed the program flexibility thus far encouraged by the United States Senate and House of Representatives under the SSIG program. This form of revenue sharing, in which states administer a program under federal parameters which are sufficiently broad enough to permit states to meet local objectives, has certainly been a contributing factor in the positive reaction to SSIG. We believe that maintaining this philosophy will encourage additional state funding and fulfillment of local goals, objectives, and needs, while concurrently providing the federal government with a mechanism to conduct program reviews and audits to insure accountability.

6. With the advent of new federal student assistance programs and approaches, state programs are no longer providing the basic platform upon which all other assistance is built. Instead, our programs are supplemental. As a result of these changes, we are sensitive to the acute need for coordination to avoid the overfunding of individual students. This is especially critical now that we have two postsecondary entitlement programs whose awards cannot

be adjusted. If states, without knowledge of each student's entitlement, distribute their dollars, we know from experience that some students will receive more than needed while others will be burdened with unrealistic debts. We feel some stewardship is necessary and stand ready to act in this capacity.

7. NASSP would like to take this opportunity to congratulate the Chairman and Subcommittee for the crucial role they played in conceiving and developing the long-needed, important, student-oriented BEOG program. However, it is very discouraging to learn of a $135 million surplus in the BEOG program at a time when state scholarship and grant programs are forced to turn away needy students because of limited funds. In a recent survey, states indicated that considerably more than half of the eligible, qualified students who applied for SSIG aid have not been awarded funds because of the lack of available dollars. NASSP believes that BEOG should continue to be the foundation grant to sustain needy students with SSIG and institutional programs rounding out the package. Currently, BEOG is not providing the full foundation. Perhaps this is because of insufficient outreach or an overly stringent eligibility index. NASSP believes it can work with the U.S. Office of Education to improve the BEOG program. Several states are field testing common application forms and some states have offered to experiment with an alternative delivery system for BEOG funds in cooperation with the U.S. Office of Education. We believe it is time for the federal government to give serious consideration to state administration of BEOG, at least in the form of field tests in one or two states.

8. The National Association is pleased to support the significant role being played by the National Task Force on Student Aid Problems, also known as the Keppel Task Force. We are optimistic that improvements will be realized through the Task Force's efforts. Most states stand ready and willing to live in a new world with a common student data form, a new delivery system, improved coordination and standard terminology. Obviously, our enthusiasm and success will depend to a large degree upon the willingness of other parties--the federal government and postsecondary institutions--to equally declare their intentions and adopt the recommendations of the Task Force.

In summary, the National Association of State Scholarship Programs would like to see financial aid programs function in a comprehensive, complementary manner which would systematically meet the needs of U. S. students. SSIG has had a notably successful first year and all indications point to more progress in the near future. We look forward to building a strong, reciprocal, complementary state-institutional-federal partnership.

My collegues and I will be happy to answer any questions you may have.

Senator PELL. Our next witnesses are Mr. Joe Henry, vice president, division of student assistance programs, and Keith Jepsen, project manager, and Mr. Shannon Janes, assistant vice president, planning and development, all of the American College Testing Service.

We look forward to your specific suggestions because you have great responsibility for running this program.

STATEMENT OF JOE B. HENRY, VICE PRESIDENT, DIVISION OF STUDENT ASSISTANCE PROGRAMS, AMERICAN COLLEGE TESTING PROGRAM; ACCOMPANIED BY DR. KEITH J. JEPSEN, BEOG APPLICATION PROCESSING CONTRACT MANAGER; AND DR. S. SHANNON JANES, ASSISTANT VICE PRESIDENT, PLANNING AND DEVELOPMENT, DIVISION OF STUDENT ASSESSMENT PROGRAMS

Mr. HENRY. My name is Joe Henry. I am program vice president, division of Student assistance programs, the American College Testing Program.

The American College Testing Program is a private, nonprofit agency that collects, analyzes, and reports data for use by students, counselors, and postsecondary institutions and agencies for guidance, planning, and other purposes.

The two major programs of the American College Testing Program are the ACT assessment, written by approximately 1 million students each year and the student need analysis service used by more than 3,000 postsecondary institutions and agencies.

The student need analysis service is administered by the division of student assistance programs as are ACT contracts related to student financial assistance, including the basic educational opportunity grant application processing contract.

With me today are Dr. Keith Jepsen, on my right, BEOG application processing contract manager, and Dr. Shannon Janes, on my left, assistant vice president, planning and development division of student assessment programs. Dr. Jepsen is currently responsible for the administration of the BEOG application processing contract at ACT. Dr. Janes was responsible for administering the first 2 years of the BEOG application processing contracts at ACT and serves as an adviser on the current contract.

First, let me express our appreciation to the subcommittee for inviting us to share our thoughts and experience regarding the processing of BEOG applications. We are pleased to do so and, further, will be happy to respond to any questions the subcommittee may have regarding this process.

The BEOG application processing contract encompasses, under the direction of the U.S. Office of Education, the planning and development of a system, forms, and procedures for processing BEOG applications, receiving the applications, preparing the application for processing, computer processing the applications, reporting the results to applicants, correcting applicant reports, providing additional services to state student assistance agencies and postsecondary institutions, and operating an alternate disbursement service.

ACT was awarded the first contract by the U.S. Office of Education on March 19, 1973, for the initial development and implementation of a system for processing BEOG applications. ACT's major subcontractor for this contract and subsequent contracts is Measurement Research Center, a division of the Westinghouse Learning Corp.

That initial system was operational on June 30, 1973, 13 weeks after the contract was awarded. A second contract was awarded to ACT on March 8, 1974. That second year's system was operational on April 29, 1974, 7 weeks after the contract was awarded. A third contract was awarded on January 23, 1975. This third year's system was operational on March 10, 1975, 7 weeks after the contract was awarded.

For informational purposes, it may be helpful to make certain statistical comparisons for each of the 3 years BEOG applications have been processed. These first comparisons are for June 1 of each of the 3 years; 1973, 1974, and 1975.

Estimated applications, June 1, 1973, zero; June 1, 1974, 452,338; June 1, 1975, 1,218,987.

Student reports produced: June 1, 1973, zero; June 1, 1974, 258,427; June 1, 1975, 1,164,943.

Total applications processed for each year were 512,866 for the 1973-74 processing year; 1,335,754 for the 1974-75 processing year, and 1,101,693 applications have been processed as of June 5 for the 1975-76 processing year, with 38 weeks remaining for such processing.

The percentage of properly completed applications, resulting in BEOG eligibility, was 55.7 percent in 1973-74; 61.2 percent in 1974-75; and 63 percent to date in 1975-76.

The "turnaround" time, that is, the in-house processing time, was 4 weeks for original applications and 4 weeks for corrections in 1973-74; the same in 1974-75; and 4 weeks for original applications to date in 1975-76, and 2 weeks for corrections.

In addition to the processing of applications for students, services are rendered to State student assistance agencies and postsecondary institutions. These services have been enhanced over the 3-year processing period and now include, for State agencies, a monthly list and a quarterly cumulative list of applicants from their respective States or a cumulative monthly computer tape with that information. A few States now receive summary data only relating to the State's applicants. Institutions all receive cumulative monthly lists of applicants for their school.

Especially, given the time and other constraints that have operated in each year of processing, we feel the processing system has been developed and effectively implemented for each year. There are, however, suggestions that can be made for improvement of the processing. We would make the following specific recommendations:

1. Attempt to improve the readability and design of the application, especially with regard to persons with no taxable income. Some suggestions in this regard would be to move nontaxable income questions ahead of questions related to adjusted gross income, tax exemptions, et cetera, consider lengthening the address space, simplify the instructions and gear them to low-income applicants, and emphasize in the instructions that the BEOG does not have to be repaid.

2. Increase the Washington BEOG staff and/or the number of persons assigned to answer policy questions. Specifically, it would be helpful to have an OE "decisionmaker" at the contracting site.

It would also be helpful to provide a week's training for OE regional staff at the contracting site. Consideration should be given to placing at least one trained BEOG specialist in each OE regional office.

Finally, an increase in the total BEOG staff would be helpful to keep pace with the total increase in activity that has occurred over the 3-year period.

3. Improve service to Spanish-speaking applicants. Specifically, it is suggested that a BEOG application-receiving center be established in Puerto Rico where a large percentage of applicants qualify for grants but a fair amount of difficulty is encountered with regard to accurate completion of the application form.

A receiving center could provide initial screening and assistance to these applicants. And, a specific training program for high school and postsecondary counselors as well as financial aid administrators in Puerto Rico would be helpful. Finally, addition of Spanish translation capacity at all levels of operation could improve communication in general.

4. Definitive attention should be given to the consideration of more sophisticated data entry modes which could improve the efficiency and quality of the processing as well as substantially reduce costs. This consideration should be based on a thorough study of such methods by an objective party with nothing to gain from the outcome. This consideration should take into account the appropriate timing and other considerations if a change in data input procedures were elected. There are also suggestions that can be made for reaching more students.

Some of these are:

1. Choose the best publicity medium. Recent survey results indicate the best medium may be the radio—that is, rock stations rather than TV. And, appropriate magazines, newsweekly and daily newspapers as well as high school and/or college papers may be best.

2. Consider placing BEOG applications in such places as welfare offices, employment offices, food stamp offices, social service agencies and VA hospitals.

3. Attempt to improve the process of getting information in the hands of high school counselors. Specifically, consideration should be given to a monthly newsletter to high school counselors and financial aid administrators discussing problems encountered in completion of the applications, applications not being received at desirable volume levels, et cetera. Such a newsletter could contain State and national statistics, that is, which States have a high volume of applications, which have a low volume, et cetera.

Other suggestions revolve around the possibility of increasing the number of eligible students in addition to increasing the number of applicants. Specifically, (1) consider changing the eligibility requirements for those who do not apply by: (*a*) creating a larger asset reserve for parents of dependent applicants (*b*) creating a more lenient self-supporting student analysis by increasing the family size offset for single self-supporting applicants, placing all the maintenance costs for the self-supporting applicant in the family size offset or all in the institutional budget, and decreasing the taxation of a self-supporting students' assets in some manner.

2. Consider changing the eligibility requirements for institutions and increasing the number of eligible schools. Perhaps consideration might be given to using Veterans' Administration eligibility criteria.

Interchange with regard to these and other suggestions is continuously ongoing with the Office of Education, and our working relationship with OE has been both effective and gratifying in the administration of these contracts.

This is the extent of our prepared testimony. We hope this information is helpful to you. We are most willing to respond to any questions you may have.

Senator PELL. Thank you very much.

I particularly thank you for these very specific suggestions. This is the type of testimony that is very helpful to this committee. Very often people just present their viewpoint, which you can predict in advance, but not any specific suggestion as to how to achieve it. I thank you for that.

Have you presented these views, these suggestions to HEW?

Mr. HENRY. To the Office of Education; yes, we have.

Senator PELL. What was their reaction?

Mr. HENRY. They have several of these suggestions under consideration.

As I indicated in the prepared testimony, we do, of course, have frequent interchange as we encounter things that would lead us to make suggestions. We do this; we have a very good relationship with them in this regard.

Senator PELL. What I would ask our staff to do is to try to get a specific response from OE to each one of these suggestions so that if we find that they merit legislation—we would be able to take the necessary legislative action.

If on the other hand it does not have merit and there is a good reason against it, the office will handle it administratively. We should not try to hit a fly with a sledge hammer.

One point I do question, and that is that you consider changing the eligibility requirements in a number of schools. Presently every institution is eligible except a nonaccredited institution. I am not sure that we want to bring the nonaccredited institutions into the ball game; because usually the majority of them are not of particularly high caliber.

My own tendency is to go the other way, especially in light of the default rates on the student loan programs. I do not want to see us encouraging BEOG and at the same time discouraging a student from using student loans to go to the same institution. I think the Government has to have one policy. It either encourages you to go to the XYZ hairdressing school or it does not.

What would be your reaction to that?

Mr. HENRY. Well, again, I think what it really boils down to in any program is that you have to decide what kinds of objectives you wish to serve with the program and then describe your criterion in terms of those objectives. If you wish to serve a broad spectrum of students and various kinds of postsecondary institutions, then I think it would take a look at broadening the eligibility criteria for the institutions. VA did it and it came down on one matter. That is not necessarily to say that the BEOG should do that. It is just a suggestion.

Senator PELL. We do not want to see the taxpayers' dollars wasted, either. I think many of these nonaccredited institutions would result in just that happening to those dollars. It would also increase frustration on the part of the individual who feels that he should get a job. He has paid the BEOG toward training and then does not get the job.

I gather you would simplify the form; I agree with you on that and perhaps exempt a $25,000 home or $10,000 saving account from the Needs Analysis Mechanism?

Mr. HENRY. Not necessarily. I think maybe the suggestion—well, the first part of your statement is true. Yes; we would try to simplify the form.

I think the second part of your statement has to do with the treatment in the system of assets. I think what we suggested there was a liberalization of that treatment. If indeed we are concerned about making additional students eligible, then one thing to look at would be to look at the equalization of assets treatments which right now is probably more stringent than other need assessment procedures.

Senator PELL. Do you have any statistical material on this that you could furnish us?

Mr. HENRY. We do not have it with us. We do have a good deal of statistical material which can be made available to you on many subjects.

Senator PELL. But if you had some on this particular subject that would back up your viewpoint about the importance of liberalizing these requirements, could you submit it in the next few days?

Mr. HENRY. We do.

Senator PELL. What the effect would be on the enlargement of the program?

Mr. HENRY. Right.

Senator PELL. Now, there has been a good deal of discussion in cost of administering these various programs of student assistance.

Do you have any costs on administering the BEOG—per student?

Mr. HENRY. In terms of processing and the various types of alternatives that might be used—at the school?

Senator PELL. In terms of the total cost at the school; right.

Mr. HENRY. No; we do not.

Senator PELL. You do not?

Mr. HENRY. We do not.

Senator PELL. Do you believe that there should be some kind of basic administrative fee attached to each of the BEOG's, for the institutions as they are administered, or not?

Mr. HENRY. I think it is important.

Senator PELL. What would be your estimate of a figure?

Mr. HENRY. I just would not know. Again, I think institutional aid administrators could give you a much better handle on that.

Senator PELL. Could we keep it within the three percent used for the other problems or less than that? Would your organization adopt the idea of a single application for all the student aid programs?

Mr. HENRY. That is an interesting subject which we have already talked about, I am sure yesterday; and we will talk about again tomorrow.

Our position on that during the past—before it, as a matter of fact, that, yes, indeed, we do support the single application concept. Not only do we support it but we promote it within our own "need analysis system" for something like 4 or 5 years. At least in four States where they use our need analysis service, we would provide a common application document as part of that procedure. It has been an interesting year in the task force of all of these topics. All three of the areas that were discussed in the task force, I think everybody—it became clear that there are many problems attached with all three of those areas.

I think there are a number of questions, both pragmatic, technical, and political, that remain to be addressed and documented before these things actually come to fruition. But the answer to your question is clearly yes. It is possible to do.

Senator PELL. What would be your view in making the basic grant a State-run program instead of a federally run program?

Mr. HENRY. I expected you were going to ask that.

I think that what has happened here is we have had aid programs grow up in various kinds of settings and we have had delivery systems grow up in the same way.

Really what we have now are three stages of delivery, the institution, the State level, and the centralized level.

I think what we need to do is what we need to do with all the aid programs, is try to sort it out. What is the best way of delivering student aid? Is it one of the three kinds of devices of delivery we now have in place or some combination?

I do not think we have sorted through that very well. I think that the State delivery has certain advantages. I agree with Mr. Iverson.

There are, however, as you pointed out, or at least alluded to a while ago, certain problems inherent in coordinating the information now from 50 different sources and this kind of a thing.

I think it is a question of taking a look at delivery and the task force tried to do it this summer and had not always agreed on some form. That is one possibility. There are others.

Senator PELL. What suggestion do you have for changing the dates currently contained in the legislation so that student assistance officers would know earlier in the year the basic amount of grant funds that the student would be able to receive?

Mr. HENRY. So that you would have applications out earlier and processed earlier?

Senator PELL. Yes.

Mr. HENRY. The advantage of that you would have clearly would be that the information would be available presumably to the student for planning purposes and to the agencies and the institutions for planning purposes earlier in the year; and I think that is important.

I think there are also other ways to handle that, I might add.

The tradeoff that you have in regard to that is that you then have to deal primarily with estimated income data, which can create some problems for you in terms of validity of data. Again, I think it is a question of choosing what is the most important variable or set of variables in that circumstance and going with one or the other.

Senator PELL. Do you have any specific thoughts as far as the publicizing of basic grants?

I thought your sort of spreading the areas, the spots where the forms would be available, was a good one.

Do you have any other suggestions?

Mr. HENRY. Yes.

I think the ones that we gave you basically were the suggestions that we would have. We have just happened to inadvertently go over a national survery recently that was done by the Public Relations Association. It was fairly interesting and indicated that students really do not watch TV nearly as much as they listen to the radio, particularly "rock" kinds of stations; and I think now that would be an interesting thing to look at. I suspect that is correct.

Senator PELL. On behalf of Senator Williams, I want to ask a further question. That is: How many students receiving bonds are handicapped; and do you know if the State departments of vocational rehabilitation are informing their clients about the program

Mr. HENRY. We do not really know that.

The application does not currently collect any information about handicapped students, so we just do not have that information.

Senator PELL. Thank you very much indeed and thank you gentlemen, for your specific and very helpful suggestions.

[The joint prepared statement of Mr. Henry, Mr. Janes, and Mr Jepsen follows:]

TESTIMONY PREPARED FOR
SENATE SUBCOMMITTEE ON EDUCATION

by

Joe B. Henry, S. Shannon Janes, Keith J. Jepsen

American College Testing Program, Inc.
Iowa City, Iowa

June 11, 1975

My name is Joe Henry. I am Program Vice President, Division of Student Assistance Programs, the American College Testing Program.

The American College Testing Program is a private, non-profit agency that collects, analyzes, and reports data for use by students, counselors, and postsecondary institutions and agencies for guidance, planning, and other purposes. The two major programs of the American College Testing Program are the ACT Assessment written by approximately one million students each year and the Student Need Analysis Service used by more than 3,000 postsecondary institutions and agencies. The Student Need Analysis Service is administered by the Division of Student Assistance Programs as are ACT contracts related to student financial assistance, including the Basic Educational Opportunity Grant Application Processing Contract.

With me today are Dr. Keith Jepsen, BEOG Application Processing Contract Manager and Dr. Shannon Janes, Assistant Vice President Planning and Development, Division of Student Assessment Programs. Dr. Jepsen is currently responsible for the administration of the BEOG Application Processing Contract at ACT. Dr. Janes was responsible for administering the first two years of the BEOG Application Processing Contracts at ACT and serves as an advisor on the current contract.

First, let me express our appreciation to the Sub-Committee for inviting us to share our thoughts and experience regarding the processing of BEOG applications. We are pleased to do so and, further, will be happy to respond to any questions the Sub-Committee may have regarding this process.

The BEOG Application Processing Contract encompasses, under the direction of the U.S. Office of Education, the planning and development of a system, forms, and procedures for processing BEOG applications, receiving the applications, preparing the applications for processing, computer processing the applications, reporting the results to applicants, correcting applicant reports, providing additional services to state student assistance agencies and postsecondary institutions, and operating an alternate disbursement service.

ACT was awarded the first contract by the U.S. Office of Education on March 19, 1973, for the initial development and implementation of a system for processing BEOG applications. ACT's major sub-contractor for this contract and subsequent contracts is Measurement Research Center a division of the Westinghouse Learning Corporation. That initial system was operational on June 30, 1973, 13 weeks after the contract was awarded. A second contract was awarded to ACT on March 8, 1974. That second year's system was operational on April 29, 1974, 7 weeks after the contract was awarded. A third contract was awarded on January 23, 1975. This third year's system was operational on March 10, 1975, 7 weeks after the contract was awarded.

For informational purposes it may be helpful to make certain statistical comparisons for each of the three years BEOG applications have been processed. These first comparisons are for June 1st of each of the three years; 1973, 1974, and 1975.

	June 1, 1973	June 1, 1974	June 1, 1975
Estimated applications received	0	452,338	1,718,987
Student Reports Produced	0	258,427	1,164,943

Total applications processed for each year were 512,866 for the 1973-74 processing year, 1,335,754 for the 1974-75 processing year, and 1,101,693 applications have been processed as of June 5th for the 1975-76 processing year with 38 weeks remaining for such processing.

The percentage of properly completed applications resulting in BEOG eligibility was 55.7% in 1973-74, 61.2% in 1974-75, and 63.0% to-date in 1975-76.

The "turnaround" time, that is the in-house processing time, was four weeks for original applications and four weeks for corrections in 1973-74, the same in 1974-75, and four weeks for original applications to-date in 1975-76 and two weeks for corrections.

In addition to the processing of applications for students, services are rendered to state student assistance agencies and postsecondary institutions. These services have been enhanced over the three year processing period and now include, for state agencies, a monthly list and a quarterly cumulative list of applicants from their respective states or a cumulative monthly computer tape with that information. A few states now receive summary data only relating to the state's applicants. Institutions all receive cumulative monthly lists of applicants for their school.

Especially, given the time and other constraints that have operated in each year of processing, we feel the processing system has been developed and effectively implemented for each year. There are, however, suggestions that can be made for improvement of the processing. We would make the following specific recommendations:

1. Attempt to improve the readability and design of the application, especially with regard to persons with no taxable income. Some

suggestions in this regard would be to move nontaxable income questions ahead of questions related to Adjusted Gross Income, tax exemptions, etc., consider lengthening the address space, simplify the instructions and gear them to low income applicants, and emphasize in the instructions that the BEOG does not have to be repaid.

2. Increase the Washington BEOG staff and/or the number of persons assigned to answer policy questions. Specifically, it would be helpful to have an OE "decision maker" at the contracting site. It would also be helpful to provide a week's training for OE Regional staff at the contracting site. Consideration should be given to placing at least one trained BEOG specialist in each OE Regional Office. Finally, an increase in the total BEOG staff would be helpful to keep pace with the total increase in activity that has occurred over the three year period.
3. Improve service to Spanish speaking applicants. Specifically, it is suggested that a BEOG application receiving center be established in Puerto Rico where a large percentage of applicants qualify for Grants but a fair amount of difficulty is encountered with regard to accurate completion of the application form. A receiving center could provide initial screening and assistance to these applicants. And, a specific training program for high school and postsecondary counselors as well as financial aid administrators in Puerto Rico would be helpful. Finally, addition of Spanish translation capacity at all levels of operation could improve communication in general.

4. Definitive attention should be given to the consideration of more sophisticated data entry modes which could improve the efficiency and quality of the processing as well as substantially reduce costs. This consideration should be based on a thorough study of such methods by an objective party with nothing to gain from the outcome. This consideration should take into account the appropriate timing and other considerations if a change in data input procedures were elected.

There are also suggestions that can be made for reaching more students. Some of these are:

1. Choose the best publicity medium. Recent survey results indicate the best medium may be the radio (i.e., "rock stations") rather than TV. And, appropriate magazines (newsweekly) and daily news papers as well as high school and/or college papers may be best.
2. Consider placing BEOG applications in such places as welfare offices, employment offices, food stamp offices, social service agencies, and VA hospitals.
3. Attempt to improve the process of getting information in the hands of high school counselors. Specifically, consideration should be given to a monthly newsletter to high school counselors and financial aid administrators discussing problems encountered in completion of the applications, applications not being received at desirable volume levels, etc. Such a newsletter could contain state and national statistics (e.g., which states have a high volume of applications, which have a low volume, etc.).

Other suggestions revolve around the possibility of increasing the number of eligible students in addition to increasing the number of applicants. Specifically:

1. Consider changing the eligibility requirements for those who do apply by:
    a. Creating a larger asset reserve for parents of dependent applicants.
    b. Creating a more lenient self-supporting student analysis by increasing the Family Size Offset for single self-supporting applicants, placing all the maintenance costs for the self-supporting applicant in the Family Size Offset or all in the institutional budget, and decreasing the taxation of a self-supporting student's assets in some manner.
2. Consider changing the eligibility requirements for institutions and increasing the number of eligible schools. Perhaps consideration might be given to using Veteran's Administration eligibility criteria.

Interchange with regard to these and other suggestions is continuously ongoing with the Office of Education, and our working relationship with OE has been both effective and gratifying in the administration of these contracts.

This is the extent of our prepared testimony. We hope this information is helpful to you. We are most willing to respond to any questions you may have.

Senator PELL. Very appropriately, since you mention the need for Spanish-language people in the program and having an office in Puerto Rico, our next witness is Mr. Richard Salvatierra, Assistant National Director of the League for Latin American Citizens.

STATEMENT OF RICHARD D. SALVATIERRA, ASSISTANT NATIONAL DIRECTOR, LULAC NATIONAL EDUCATION SERVICE CENTER

Mr. SALVATIERRA. Mr. Chairman, my name is Richard Dean Salvatierra. I am the Assistant National Director of the National Education Service Centers, a nonprofit, nonpolitical educational organization sponsored by LULAC.

LULAC is the League of United Latin American Citizens, the largest Hispanic organization in the United States.

On behalf of LULAC, Hispanic American citizens, and our educational organization, I wish to thank you for the opportunity to appear before you today to convey some of the Hispanic students concerns.

I would first like to capsulize for you our organization, its purpose, objectives, and current accomplishments.

The National Education Service Centers is a Hispanic organization working in the area of higher education. We are headquartered in Washington, D.C., and maintain offices in 11 cities in 9 States across the country. We have three major primary objectives:

1. To increase the number of educationally disadvantaged persons attending America's colleges with special emphasis on Hispanic American students; 2. To increase the retention of educationally disadvantaged persons, again with special emphasis on Hispanic American students; 3. To increase the awareness of the educational problems of the Hispanic community to institutions of higher education, foundations, corporations, and Federal agencies with the intent of bringing to bear an increased concentration of resources on the problems.

In our past program year, for example, we were directly responsible for placing over 5,400 students in colleges and universities, enabling these students to begin their academic careers. We were also able to generate more than $4 million in financial aid for the students; and it is this latter objective that brings us to the purpose of wishing to address the subcommittee.

As the Nation's oldest and fastest growing minority group, the Hispanic people are only too keenly aware that their dismal educational record will never be overcome unless larger numbers of Hispanic leaders, decisionmakers, businessmen, professionals and educators are produced by the institutions of higher education in this country.

Clearly, the need for services to enhance the accessibility of post secondary educational opportunities for Hispanic students is indicated by the historically low rates of participation in these programs.

Of the approximately 8.2 million people 14 to 34 years of age who are currently enrolled in colleges and universities, only about 2.9 percent of this total are Hispanic students. In proportion to their numbers in the country, the Spanish surnamed students represent a minute segment of the total student population.

Compounding this situation is the fact that, according to a study undertaken by the College Entrance Examination Board in 1972, Hispanic students dropped out of the freshman classes at the rate of 82 percent and that less than 5 percent of the Hispanic students are expected to graduate from college.

The U.S. Civil Rights Commission in a separate study, revealed that Spanish surnamed college students are twice as likely to drop out of colleges as their Anglo counterparts and are also more likely to drop out than the larger Black minority group.

Additionally, a recent Census Bureau survey revealed that the Nation's Spanish surnamed people have been losing ground to the rest of the country's population in terms of real purchasing power. This study also indicates that not only do Spanish surnamed Americans earn less but that they are less educated as well.

The need is accentuated in the present environment in that disadvantaged students are not reaching the institutions of higher learning because of inadequate information, lack of active recruitment, difficulties in admission and other institutional constraints unfamiliar, especially to students of Hispanic extraction.

In addition, and compounding the above-mentioned problems, the financial requirements exist as the common denominator among all the conditions which impinge on the Hispanic citizens from benefiting and pursuing their right to equal educational opportunities. Not only do most Hispanics lack the financial resources with which to enroll in colleges and universities of their choice, but these financial requirements tend to leave students without supportive services even after he or she has managed to enroll in school.

Thus, Mr. Chairman, we are here today to convey to you and to the subcommittee members the essentialness of not only continuing the current financial assistance programs but to increase them and to make them more readily available to Hispanic American students.

Of the $4.2 million that the education centers were able to generate in 1974, roughly 80 percent of the funds came from such programs as the BEOG, SEOG, NDSL, G/FISLP, et cetera. Without these funds, most of the Hispanic students would not have been able to begin their educational programs. Not only should these programs be continued and their funding increased, but funds need to be allocated specifically for the dissemination of information concerning the availability of such assistance programs.

Our experience has demonstrated that the lack of knowledge of these programs on the part of the individuals has discouraged many potential students from initiating their college careers and from venturing into our centers.

In addition, the process, procedures and requirements needed to apply for these programs further discourages potential participants.

I would like to submit for the record an article that appeared in the Washington Post on Monday, June 9, 1975, which addresses itself to these two points. That is, the dissemination of aid programs and application procedures. The article is entitled "College Aid Is There For The Finding."

I will not read it, Mr. Chairman, but I would like to see it part of the record.

[The article referred to follows:]

[From the Washington Post, June 9, 1975]

Staying Ahead

College Aid Is There for the Finding

By Jane Bryant Quinn

NEW YORK—College financial aid officers say that, contrary to public opinion, there is more financial aid around this year than ever. The amount of federal and state scholarship money has increased. And there are a variety of other new grants and stipends, some of them open to students of merit regardless of family income.

Unfortunately, many high school students are baffled by the problem of rounding up financial aid. Or, if not baffled, tardy. One aid specialist told me that young people who need help often drag their feet about finding it, and sometimes lose out because they apply too late. "They should be aggressive and search out the sources themselves," she said.

The place to start is always the high school guidance teacher. But some, of course, have more curiosity than others about investigating out-of-the way aid programs. In many school systems there aren't enough good guidance teachers to go around, which means they can't do much about seeking students out who might need financial aid. Here's a good example of something the student can do for himself: see the counselor as often as necessary, read the material on his bulletin board, get information on aid sources, and follow up.

That's the second place where students often stumble—on the followup. For example, to get a federal Basic Educational Opportunity Grant (BEOG) you have to fill out a complicated form that looks like a tax return.

The instructions aren't easy to follow, with the result that some families give up on it. But any guidance teacher can help you fill it in, if you'll just ask.

BEOGs are principally for low-income students, although big families with incomes as high as $15,000 might get some help. The top grant for 1976 is $1,400 a year, with the average expected to run around $800. In the past, many families with small incomes were denied BEOGs because they owned their own houses—which on paper made them too rich to qualify. But this year the government is being a little more reasonable about excluding property that for all practical purposes can't be converted into cash for college.

Many states are now expanding their scholarship programs. That's something else your guidance teacher should know about. Or write to your state board of education.

Another good source of scholarship information is the financial aid office of the school you want to go to. Some officers foolishly guard their knowledge from guidance teachers who they think are poaching on their turf, but they will be forthcoming when students ask questions directly.

Kenneth Ostberg, director of financial aid for Columbia College, says that he spends hours on the telephone with potential applicants, giving them general information on where to scare up scholarship money. But not until a student is admitted does he get to work on the actual aid package—taking whatever stipends the student has come up with and combining them with money the school has to offer. At expensive schools like Columbia, says Ostberg, even higher-income families can expect some help.

Alexander G. Sidar, director of the College Scholarship Service, says that students must apply for aid at the same time they apply for college. Many don't, because they fear it will prejudice their admittance. It won't, financial officers all say. And if you apply after you're ad[illegible] it's usually too late to get money for that school year.

Colleges generally evaluate financial aid requests in January and February, which means that students who need money for the following September should have requests in by Christmas. (Community colleges don't have such a long time lag.)

Make sure you fill in everything on the scholarship application. If there are blanks the form will be returned to you, and have to undergo processing all over again. Some parents lie on the application, to make their financial situation look worse than it is. Because of this, Sidar says, many schools now ask for copies of income-tax returns.

Scholarships aren't just for young people. An older person returning to college can also get help. New York City group called Female Employment and Management, which helps women find financial aid says there are several corporate scholarships available.

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Mr. SALVATIERRA. Now, regarding the case of dissemination of information, a case in point occurred with our Phoenix, Ariz., office. Our director, Ms. Erna Aparicio, hosted the 30 cities project on the basic opportunities grant workshop on May 9, 1975. Over 100 community agency people attended and the subsequent publicity, including television, radio, and newspaper coverage, elicited an overwhelming client's response. The number of walkins increased substantially as a result of the publicity. There is a definite need for a major national and localized media and advertising campaign to publicize the financial aid programs.

Just judging by our own experience at our Phoenix, Ariz., office, we see a real and demonstrable need for such publicity.

We recommend to the subcommittee the need to continue to view the basic educational opportunity grants as the cornerstone of student financial aid programs. The statistics available to us indicate the disproportionate number of Hispanic citizens with low incomes thus necessitating greater dependence on grants for assistance for students to pursue their respective academic careers.

We recommend that an inflation index be part of student aid legislation, enabling the basic grant amounts to float up or down with annual increases or decreases in the cost of an education.

On this same point, we feel that the basic grant maximum should be increased from the $1,400 figure to approximately $2,100.

In fiscal year 1977, such an increase would address itself to the inflationary costs that have occurred and would also allow for greater support of an eligible student's noninstructional costs. The increase to compensate for inflation and higher educational costs would continue to insure continued free access to disadvantaged students eligible for basic grants.

One of the obstacles for Hispanics wishing to attend private schools is obviously the higher cost of attending such institutions. We would like to see an increase on the BEOG for students attending private schools due to higher tuition costs, et cetera. This is a fundamental right of choice. Unfortunately, many Hispanics cannot exercise it.

The National Education Service Centers feel that the special programs for students from disadvantaged backgrounds, projects or programs such as Talent Search, Upward Bound, and the Educational Opportunity Centers, should be increased. We specifically would like to see the Educational Opportunity Centers appropriations increased.

The EOC has as its function to provide information and counseling as well as other services which are of assistance in making postsecondary education available to disadvantaged youths from areas of major concentrations of low-income families.

Both in fiscal year 1975 and 1976, only $3 million was authorized and only 12 programs have been funded, 10 of which were colleges and universities themselves. Yet, if this program is to have any major impact it will need to have more funds available and made available to community-based groups as well.

Mr. Chairman, just to show you what can be done with regard to the EOC programs, our program has an annual budget of $1,250,000, and we operate 11 field offices which have an average staff of eight individuals. I bring this up only to demonstrate how an increase in appropriations for EOC projects could be utilized to provide the information dissemination, counselling and other supportive services necessary for disadvantaged groups, particularly Hispanic, to pursue educational careers.

In conclusion, the National Education Service Centers support the continuation of the current fiscal assistance programs, particularly the BEOG. We feel our suggestions and recommendations will be beneficial not only to Hispanic students but to all students. Although we are a new organization, we nevertheless are ready to assist you and hope to be able to provide additional information as you work on the Federal student assistance programs.

I anticipated having my director of field operations with me to deal with some questions regarding the grant itself. Unfortunately, the National Guard has taken him for the next 2 weeks; but I will be happy to answer any questions you may have.

Senator PELL. Thank you very much indeed.

Now, in connection with your organization, you are not Latin American citizens, but citizens of Hispanic origin; correct?

Mr. SALVATIERRA. That is correct.

Senator PELL. That means originally from the Iberian Peninsula.

Mr. SALVATIERRA. Originally, LULAC was incorporated in 1929 in Corpus Cristi, Tex. Initially, it was organized as an organization for Mexican-Americans only and was centered strictly in the Southwest. However, the concept has expanded now to try to incorporate all Hispanics, Puerto Rican, Latin, all individuals originating from the Iberian Peninsula as well as those who have now dispersed through Latin America.

Senator PELL. Would this include Portugese?

Mr. SALVATIERRA. No, sir, we have not had much contact with Portugese.

Senator PELL. As you may know, the Portuguese are from the Iberian Peninsula too. In my part of the country there are far more people with Portuguese surnames than Spanish surnames.

I was wondering if there was any effort to include them in these efforts.

Mr. SALVATIERRA. No, sir, I am afraid we have probably zeroed in mainly on Spanish speaking.

Senator PELL. Do you have any Portuguese surnamed officers of your organization?

Mr. SALVATIERRA. Not that I know of.

Senator PELL. I would hope as time goes on you might. Particularly in New England, we have many descendants of individuals from the Iberian Peninsula from Portugal, not Spain.

Mr. SALVATIERRA. I am familiar with Rhode Island. I was stationed in Newport for several years.

Senator PELL. Right.

Actually, I think in our act, we did provide for Spanish and Portuguese speaking. So I would more and more like to see the term used when we speak of Hispanic background, reference to the Iberian Peninsula, with the assumption that that means Spanish and Portuguese speaking.

I think it is important and, frankly, the definition—I just had the definition looked up in the dictionary—"of Hispanic"—"Hispanic" means from the Iberian Peninsula. So whenever the term "Hispanic" is used, it should also include Portuguese if one is going to be accurate. Otherwise, it should just be Spanish speaking.

Mr. SALVATIERRA. OK, Senator.

Senator PELL. Thank you.

Given your own experience in working with the basic grants program, as I understand it, you think that the half cost provision should be eliminated; is that right?

Mr. SALVATIERRA. At this moment I would not comment on that.

Our major concern right now is the fact that the information on these programs is not getting out sufficiently and this is making it extremely difficult for us to encourage students to participate, to recruit, and to take advantage of the opportunities available.

In some cities, in some which we operate, notably Phoenix, Corpus Christi, our staff have supplemented several of the high school counseling staff and it is only because our staff is already involved in this matter that a lot of the information is getting to students.

Our main concern is seeing that a greater media publicity campaign be made available on these programs. To get specifically into the benefits of some of the language, et cetera, is this moment almost irrelevant to us because we are not even getting our people informed of what is available.

Senator PELL. I was struck with your suggestion that the amount should be raised from $1,400 to $2,100. Obviously, I would strongly support that idea; but every group wants to raise the amount of money with which they are concerned, which is perfectly normal.

Why do you think the basic education opportunity grant should be raised more than the other educational assistance programs?

Mr. SALVATIERRA. Well, because our experience has shown that the majority of the students that we are working with depend almost exclusively on the basic grant. It has to be that way. There is no other way they can mortgage themselves by taking other loans.

A case in point would be our Director, Mr. Castro, a graduate of the Harvard Business School, came out of the Chicano ghettoes of southern California; is mortgaged completely right now paying off these different school loans, in addition to having to provide support for his family.

Now, this is one of the burdens.

Senator PELL. You mean Governor Castro of Arizona?

Mr. SALVATIERRA. No, sir, our director, the Director of the National Education Service Centers.

Senator PELL. I am sorry.

Mr. SALVATIERRA. Many of the students are discouraged from any other program that is going to require that additional burden.

So if we are going to be depending basically on the basic grant, then we would like to see as much funds as possible coming out of it.

Senator PELL. Do you think the basic grant should be made primarily a State program rather than a Federal program?

Mr. **Salvatierra**. Well, we have mixed feelings on that because in some States we have been able to work very effectively and in a very cooperative manner with the State. That has not been the case everywhere else.

So that we do have some mixed feelings about that at this moment.

Senator **Pell**. Do you think that there should be higher exemptions so that you would exempt a house up to $25,000, or a savings account up to $10,000 from the needs analysis mechanism?

Mr. **Salvatierra**. Well, I am not too sure how much of a concern that would be to many of our students because they would have neither one of those.

I would only comment that I would probably go along with some of those exemptions only to make it more available to other middle-income individuals.

Senator **Pell**. Well, then basically I would think that you would probably want to drop the half cost, would you not?

Mr. **Salvatierra**. I could not comment on that.

Senator **Pell**. In other words, as of now, as you know, the grant can only be used to cover half the cost of education.

Mr. **Salvatierra**. Right.

Certainly, then. Sure. We would go along with that.

Senator **Pell**. You want to drop it or keep it?

Mr. **Salvatierra**. We would drop it.

Senator **Pell**. You would drop it.

I thank you very much indeed.

The American College Testing Service spoke specifically of problems as they related to Spanish-speaking citizens. You may have heard their testimony.

What was your reaction to their suggestion? For instance, having somebody down in Puerto Rico?

Mr. **Salvatierra**. As we were listening to the testimony, we were making a point of noting that we should take an opportunity and meet Mr. Henry at this point because we are in agreement with many of the things that he was recommending, particularly the standardizing of applications, simplifying them, putting them in Spanish. We realize the BEOG applications right now are in Spanish.

With regard to setting up programs in Puerto Rico, we would certainly be in favor of that.

Senator **Pell**. You say some of the BEOG forms are in the Spanish language as well as English?

Mr. **Salvatierra**. Yes, sir.

I have a copy with me of the basic grant, which is the application.

Senator **Pell**. I wonder what other languages it is printed in.

Is it only in Spanish?

Mr. **Janes**. Just Spanish.

Senator **Pell**. Maybe we ought to get it done in Portuguese, too, and French, too.

I thank you very much indeed, Mr. Salvatierra.

With unanimous consent, I order printed in the record the prepared statement of Mr. Salvatierra and material made available to the Subcommittee on Eudcation pertaining to student assistance.

[The information referred to follows:]

LULAC NATIONAL EDUCATION SERVICE CENTERS

STATEMENT

by

RICHARD D. SALVATIERRA

ASSISTANT NATIONAL DIRECTOR

LULAC NATIONAL EDUCATION SERVICE CENTERS

before the

SUBCOMMITTEE ON EDUCATION

of the

SENATE COMMITTEE ON LABOR AND PUBLIC WELFARE

JUNE 11, 1975

Mr. Chairman and members of the Subcommittee, my name is Richard D. Salvatierra. I am the Assistant National Director of the National Education Service Centers, a non-profit, non-political educational organization sponsored by LULAC. LULAC is the League of United Latin American Citizens, the largest Hispanic organization in the United States.

On behalf of LULAC, Hispanic American citizens and our educational organization I wish to thank you for the opportunity to appear before you today to convey our country's Hispanic community.

First of all, I would like to capsulize for you our organization, its purpose, objectives, and current accomplishments. The National Education Service Centers (NESC) is a Hispanic organization working in the area of Higher Education. We are headquartered in Washington, D.C. and maintain offices in eleven cities in nine states across the country. We have three major or primary objectives. These are:

1. "to increase the number of educationally disadvantaged persons attending America's colleges and universities with special emphasis on Hispanic American students,"
2. "to increase the retention of educationally disadvantaged persons in America's colleges and universities with special emphasis on Hispanic American students,"
3. "to increase the awareness of the educational problems of the Hispanic community to institutions of higher education, foundations, corporations and federal agencies with the intent of bringing to bear an increased concentration of resources on the problems."

In meeting our objectives, our past program year can speak for itself. NESC was responsible for placing 5,436 students in colleges and universities enabling these students to begin their academic careers. This number exceeded our MBO objective of 4,000 placements. In addition, the Centers were able to exceed their MBO of generating financial assistance for students. In this area the centers were able to generate over four million dollars ($4,000,000) of financial aid for the students. This latter objective and accomplishment thus brings us to the purpose of wishing to addressing this subcommittee.

As the nation's oldest and fastest growing minority group, the Spanish surnamed people are only too keenly aware that their dismal educational record will never be overcome unless larger numbers of Hispanic leaders, decision makers, businessmen, professionals and educators are produced by the institutions of higher education in this country.

Clearly the need for services to enhance the accessibility of post secondary education opportunities for Spanish surnamed students is indicated by the historically low rates of participation in these programs.

There are approximately 8.2 million people 14-34 years of age who are currently enrolled in colleges and universities and only 2.9 percent of this total are Spanish surnamed students. In proportion to their numbers in the country, the Spanish surnamed students represent a minute segment of the total student population.

Compounding this situation is the fact that, according to a study undertaken by the College Entrance Examination Board in 1972, Spanish surnamed students dropped out of the freshman classes at the rate of 82 percent and that less than 5 percent of the Spanish surnamed students are expected to graduate from college.

The U.S. Civil Rights Commission, in a separate study, revealed that Spanish surnamed college students are twice as likely to drop out of colleges as their

Anglo counterparts and are also more likely to drop out than the larger Black minority group.

Additionally, a recent Census Bureau survey revealed that the nations' Spanish surnamed people have been losing ground to the rest of the Country's population in terms of real purchasing power. This study also indicated that not only do Spanish surnamed Americans earn less but that they are less educated as well.

The need becomes even more apparent when one considers the psychological and human factors which impinge on the failure of the Spanish surnamed students to obtain a higher education because of inadequate counseling services and different cultural and linguistic experiences.

The U.S. Commission on Civil Rights report on Mexican-Americans, issued in February 1974, graphically showed the lack of Spanish surnamed counselors in the schools, heavy workloads for all of these counselors and a general picture of inattention to student's social and personal problems, referral procedures, guiding students, lack of familiarity with familial background and all those factors which impinge on providing effective services to increase the accessibility of a post secondary education, especially to the Spanish surnamed youth.

The need is accentuated in the present environment in that disadvantaged students are not reaching the institutions of higher education because of inadequate information, lack of active recruitment, difficulties in admission and other institutional constraints unfamiliar, especially to students of Spanish surnamed extraction.

In addition, and compounding the above mentioned problems, the financial requirements exists as the common denominator among all the conditions which impinge on the Hispanic citizens from benefiting and pursuing their rights to equal educational opportunities. Not only do most Hispanics lack the financial resources with which to enroll in colleges and universities of their choice, but these financial requirements tend to leave students without supportive services even after he or she has managed to enroll in school.

Thus, Mr. Chairman, we are here today to convey to you and to the Subcommittee members the essentialness of not only continuing the current financial assistance programs but to increase them and to make them more readily available to Hispanic American students.

Specifically, the need to continue the current financial assistance programs such as Basic Educational Opportunity Grants (BEOG) the Supplemental Educational Opportunity Grants (SEOG) College Work-Study Programs, National Direct Student Loans (NDSL) and the Guaranteed/Federally Insured Student Loan Program (GLISLP) is imperative. Of the $4.2 million that the Education Centers were able to generate in 1974, roughly 80% of the funds came from these programs. Without these funds most of the Hispanic students placed in colleges by NESC would not have been able to begin and/or continue their educational programs. Not only should these programs be continued and their funding level increased, but funds need to be allocated specifically to the dissemination of information concerning the availability of such assistance programs. Our experience has demonstrated that the lack of knowledge of these programs on the part of the individuals has discouraged many potential students from initiating their college careers and from venturing into our centers. In addition, the process, procedures and requirements needed to apply for these programs further discourages potential participants.

I would like to submit for the record an article that appeared in the Washington Post on Monday, June 9, 1975, which addresses itself to these two points. That is the dissemination of aid programs and application procedures. The article is entitled "College Aid is There for the Funding."

A case in point occurred with our Phoenix, Arizona, office. Our Director Ms. Erna Aparicio hosted the 30 Cities Project on the Basic Opportunities Grant

Workshops on May 9, 1975. Over 100 Community Agency people attended and the subsequent publicity, including television, radio, and newspaper coverage elicited an overwhelming client response. The number of walk-ins increased substantially as a result of the publicity. There is a definite need for a major national and localized media and advertising campaign. Just judging by our own experience at our Phoenix, Arizona office, we see a real and demonstrable need for such publicity.

We recommend to this Subcommittee the need to continue to view the Basic Educational Opportunity Grants as the cornerstone of student financial aid programs. The statistics available to us indicated the disproportionate number of Hispanic citizens with low incomes thus necessitating greater dependence on grants for assistance for students to pursue their respective academic careers.

We recommend that an inflation index be part of student aid legislation enabling the Basic Grant amounts to float up or down with annual increases or decreases in the cost of an education. On this same point, we feel that the Basic Grant maximum should be increased from the $1400 figure to approximately $2100. In Fiscal year 1977 such an increase would address itself to the inflationary costs that have occurred since 1972 but would also allow for greater support of an eligible student's non-insturctional costs. The increase to compensate for inflation and higher educational cost would continue to insure continued free access to disadvantaged students elibible for Basic Grants.

One of the obstacles for Hispanics wishing to attend private schools is obviously the higher cost of attending such institutions. We would like to see an increase on the BEOG for students attending private schools due to higher tuition costs, etc.. This is a fundamental right of choice. Unfortunately many Hispanics cannot exercise it.

The National Education Service Centers feel that the Special Programs for Students from Disadvantaged Backgrounds such as Talent Search, Upward Bound, and the Educational Opportunity Centers should be increased. We specifically would like to see the Educational Opportunity Centers appropriations increased. The EOC has as its function to provide information and counseling as well as other services which are of assistance in making post secondary education available to disadvantaged youths from areas of major concentration of low-income families. Both in Fiscal years 1975 and 1976 only $3,000,000 was authorized and only 12 programs have been funded, 10 of which are institutions (colleges and universities) themselves. Yet, if this program is to have any major impact it will need to have more funds available and made available to community based groups as well.

Mr. Chairman, just to show you what can be done, our program has an annual budget of one million two hundred fifty thousand dollars ($1,250,000) and we operate eleven field offices which have an average staff of 8 individuals. I bring this up only to demonstrate how an increase in appropriations for EOC projects could be utilized to provide the information dissemination, counselling and other supportive services necessary for disadvantaged groups, particularly Hispanic to pursue educational careers.

In conclusion, NESC supports the continuation of the current financial assistance programs, particularly the BEOG. We feel our suggestions and recommendations will be beneficial not only to Hispanic students but to all students. Although we are a new organization, we nevertheless are ready to assist you and hope to be able to provide additional information as you work on the federal student assistance programs.

I will now be happy to answer any questions you may have.

National University Extension Association
One Dupont Circle
Suite 360
Washington, D.C. 20036
Telephone (202) 659-3220

Office of the Executive Director

June 30, 1975

The Honorable Clairborne Pell
Chairman, Subcommittee on Education
U.S. Senate Committee on Labor
  and Public Welfare
Washington, D.C. 20510

Dear Mr. Chairman:

We would like to submit the enclosed statement for the record of the hearings on amendments to Title IV of the Higher Education Act of 1965. We appreciate this opportunity to present our ideas to your committee and we would be happy to respond to any questions raised by this statement.

Sincerely,

Robert J. Pitchell
Executive Director

Enclosure

Statement of Robert J. Pitchell
Executive Director, National University Extension Association
before the
Subcommittee on Education
Committee on Labor & Public Welfare
United States Senate
June 30, 1975

Mr. Chairman and Members of the Committee:

The National University Extension Association is strongly supportive of all efforts to bring about greater equity for all students in federal and state student aid programs. Student assistance grants under Title IV of the Higher Education Act were intended to be made available to all eligible students, full-time and part-time. Basic grants were to be made directly to students; supplemental grants to institutions, for awarding to students according to institutional criteria. It is unfortunately true that all eligible students have not been able to obtain grants under the basic grants program since the passage of the act. In particular, up until this year, part-time students as a class have been denied basic grants because of restrictive language in the appropriations act. The Office of Education does not have data available on the number or proportion of part-time students who have been awarded supplemental grants, but the data presented below suggest that it is a very small number.

It is evident both from the actions of Congress and from the attitudes and actions of many well-meaning persons in postsecondary education that they consider part-time students unworthy of serious consideration for student aid. The myth persists that part-time students are not serious in their motivations; are not as competent as regular students; or that, in any case, most adults taking part-time work are wasteful of academic resources because they are not interested in pursuing and completing a degree program.

A recent report published by the American Council on Education, Financing Part-Time Students: The New Majority in Postsecondary Education, examines all of these questions in considerable detail. I believe that it contains the most significant array of data ever compiled on this subject and we invite your careful attention to that documentation.

The report shows, for example, that part-time students are older, are mostly employed (three-fourths in the labor force), have equal or more serious motivations in terms of subjects taken, drop out with less frequency, have equal intellectual ability and more accrued experience to profit from exposure to academic learning, and achieve as well as or better than full-time students in academic performance. The report concluded that, "The stereotype of the part-time student compared to the full-time student, which is often shared by academicians and public funding agencies, has no validity."

When faced with this evidence, some people respond that part-time students are employed and therefore are not in financial need. Here too the evidence suggests a contrary conclusion. When measured in terms of family income, according to Census survey data in 1969, 73 percent of full-time students had family incomes of less than $15,000 compared to 77 percent of part-time students. The gap widened in 1972 when 62.2 percent of full-time students had family incomes of less than $15,000 in contrast to 72.4 percent of part-time students. The evidence suggests that many students are going to school part-time not for frivolous reasons but because they are too poor or have too many family obligations to attend school on a full-time basis even with access to federal, state and institutional student aid programs.

One can ask, why can't part-time students find other sources of financial assistance? The truth of the matter is that there is widespread, massive discrimination against part-time students in federal and state student aid programs, social security benefits, institutional tuition rates and financial aid programs, and federal income tax provisions. For example, only seven of the states with needs-based student aid programs provide any eligibility for part-time students. Only one state provides equal funding for part-time and full-time students in institutional aid formulas. In a recent survey, only 12 of 23 reporting states provided any funds for off-campus credit students.

Collegiate institutions participate in this pattern of discrimination: 59 percent of four-year institutions charge higher tuition fees for part-time students and 34 percent of all institutions deny student aid to part-time students completely.

At the federal level, only full-time students are eligible for social security survivor's benefits past the age of 18. Similarly, employed part-time students who are denied eligibility for student aid pay taxes on their incomes without deductibility for educational expenses unless the educational activity is directly work related, while full-time students are exempt from taxes on their student aid payments.

This discrimination poses a serious question of equity not only for part-time students currently enrolled, but also for those who have been unable to enroll because of inadequate financial resources.

The real question before this committee is whether all part-time students in degree credit programs should be eligible for basic grants in proportion to course load rather than on a half-time basis only. Many persons pursue degrees over long periods of time while they remain wage earners and taxpayers. Should they be denied equal eligibility for basic grants, if they are in need, just because they do not pursue their educational goals in the lockstep of a four-year-full-time degree program? We would hope not.

If one admits the need for equitable treatment of all part-time students, the specter remains of a horde of such students applying for basic grants, thereby drying up available funds or costing additional billions of dollars. This matter would be more urgent if the current BOG program were oversubscribed. We are all aware that a very substantial part of this year's appropriation went unexpended while the program was limited to full-time students only. Although half-time students are eligible to apply for grants for the first time next year, it is highly unlikely that the volume of applications will make much of a dent in the appropriation of $660 million.

Indeed, opening up the basic grants program to all part-time students currently enrolled would not be equivalent to opening the flood gates of fiscal irresponsibility. We do not have hard national data on the average course load taken by part-time students, but limited data indicate that the average part-time collegiate credit student takes between a one-third and a two-fifths full-time course load. The 1972 Census data demonstrate that 68.2 percent of part-time students in postsecondary education participated in only one course or activity during the year and only 2.4 percent participated in five or more courses.

If all part-time students were to be granted eligibility for basic grants using the same eligibility criteria as for full-time students, there would not be a stampede of applicants nor a drain on funds, especially in the collegiate community. Our estimate is that the full-time equivalent requirement for part-time students in the collegiate sector would be 1,250,000 students or approximately one-fifth of the total of full-time students. If the same proportion holds true throughout the postsecondary community the cost of full equity in the basic grants program would be minimal.

Mr. Chairman, I urge the committee to consider three changes in grants programs under Title IV of the Higher Education Act:

1. Part A, Subparts 1 and 2 should be amended to enable all part-time students in degree credit programs, or the equivalent, to be eligible for basic and supplemental grants in proportion to the course load taken, instead of for a minimum of a half-time course load.

2. Language should be inserted in Part A, Subpart 1, relating to basic grants, to insure that all students who qualify for basic grants under the authorization are able to receive them to the limit of the appropriation. Specific language should be included to insure that no student or class of students can be denied access because of restrictive language in the appropriations act.

3. Similar language should be inserted in Part A, Subpart 2, relating to supplemental grants, with additional language to remove the discretionary power of institutions to deny grants to any student or class of students on any basis other than need as defined in the statute and the regulations. The practice of supposedly responsible institutional officers arbitrarily discriminating against one class of students on wholly irrational grounds should not be tolerated in this day and age, especially when public funds are involved. The demands by some institutional officers that they must have discretionary power over student aid funds to put together a "package" of aid tailored to the needs of the individual students, however meritorious, is wholly irrelevant to whether a student is part-time or full-time. Student aid packages can be put together for part-time students in need as well as for full-time students similarly situated. School officials should not have the authority to arbitrarily exclude any class of students except those who do not quality under the law.

While these changes will not remove all of the discrimination against part-time students in postsecondary education, they will represent a giant step in that direction. It will be a step for which millions of Americans will be grateful.

Mr. Chairman, I thank you for this opportunity to present the views of our Association on equity for part-time students.

GLCA

GREAT LAKES COLLEGES ASSOCIATION 555 E. WILLIAM, SUITE 26J, ANN ARBOR, MICHIGAN 48108 (313) 761-4833

July 29, 1975

The Honorable Claiborne Pell
Chairman, Subcommittee on Education
U.S. Senate
Washington, D.C. 20510

Attention: Mr. Wexler

Dear Senator Pell:

The Basic Education Grants program was created by the Congress to achieve two goals: that qualified students, regardless of their family's financial status, would have access to higher education, and that they would have a choice among types of institutions.

Until the funding level for the Basic Education Grants Program is sufficient to meet the full needs of eligible students, the provision which the Congress wisely insisted upon, limiting Basic Grants to one-half of the total price of education, continues to be needed.

It is important first for students, so that they will continue to have a real choice among institutions. A choice between a low tuition institution, where all costs would be paid by the Federal Government, and a higher tuition institution, where less than half the costs would be paid, would not be a fair or meaningful one.

Private institutions have made a substantial commitment of their own limited funds toward the goals of access and choice regardless of family income. In many cases, a larger percentage of low income students are represented in their student bodies than is the case with "low tuition" state universities. But they need the half-cost provision, at present appropriation levels, if they are to continue to play their roles in meeting these national goals.

The issue is not one of private institutions "losing" Federal dollars. Rather, it is one of their continuing to be recognized as an important part of the higher education scene, able to contribute to the achievement of equality of educational opportunity.

ALBION · ANTIOCH · DENISON · DEPAUW · EARLHAM · HOPE · KALAMAZOO · KENYON · OBERLIN · OHIO WESLEYAN · WABASH · WOOSTER

In many cases, low income students have preferred to seek their education at private colleges. We hope that you will help us to see that they can continue to make that choice freely, and to insure that public policy does not, in effect, actively discourage the private sector alternative.

Sincerely,

John W. Fuller
President
Great Lakes Colleges
Association

Dan M. Martin
President
Associated Colleges
of the Midwest

The member colleges of the Great Lakes Colleges Association are: Albion College; Antioch College; Denison University; DePauw University; Earlham College; Hope College; Kalamazoo College; Kenyon College; Ohio Wesleyan University; Wabash College; The College of Wooster.

The member colleges of the Associated Colleges of the Midwest are: Beloit College; Carleton College; Coe College; Colorado College; Cornell College; Grinnell College; Knox College; Lake Forest College; Lawrence University; Macalester College; Monmouth College; Ripon College; Saint Olaf College.

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MARJORIE M. WHITTAKER, CHIEF CLERK

United States Senate
COMMITTEE ON
LABOR AND PUBLIC WELFARE
WASHINGTON, D.C. 20510

August 11, 1975

Mr. Robert J. Kruntorad
Student Financial Aid Counselor
Pinellas Vocational Technical
Institute
6100 - 154th Avenue North
Clearwater, Florida 33520

Dear Mr. Kruntorad:

Thank you for your letter regarding the definition of "institution of higher education" and its implications for the Basic Opportunity Grant program.

Hearings on higher education programs have been completed by the Subcommittee on Education of the Labor and Public Welfare Committee in preparation for development and passage of extension of the Higher Education Act. The Subcommittee will begin review of the information gathered in these hearings in September, and I know that the definition you have mentioned is one area which will be considered.

I am bringing your correspondence to the attention of Senator Claiborne Pell, Chairman of the Subcommittee on Education, so that he will be aware of your concerns.

With best wishes,

Sincerely,

Harrison A. Williams, Jr.
Chairman

HAW:lwc

COPY

"The School Board of Pinellas County, Florida"

MARY JANE DAVIS
Assistant Director
Curriculum Development

EDWARD J. GAFFNEY
Assistant Director
Evening School

MARIO R. VITELLI
Assistant Director
Police Academy

PINELLAS VOCATIONAL TECHNICAL INSTITUTE
6100 - 154TH AVENUE NORTH CLEARWATER, FLORIDA 33520
TELEPHONE 813 531-3531
REXFORD D. GAUGH, Director

WILLIAM W. MANN
Dean
Student Affairs

RUTH C. ROCHE
Coordinator of
Student Personnel Services

March 25, 1975

SENATOR
WILLIAMS N.J.
MAR 28 10 05 AM '75

Senator Harrison Williams
Chairman of Senate Committee
on Labor and Public Welfare
352 Russell Senate Office Bldg.
Washington, D.C. 20510

Dear Mr. Williams:

This is an inquiry relating to legislative change in the wording of one requirement of the definition "Institute of Higher Education." The present requirement states "Admits as regular students only persons having a certificate of graduation from a school providing secondary education, or the recognized equivalent of such a certificate." We have been informed through Congressman C.W. Bill Young's office and the Office of Education that a recommended wording change will be presented to the legislators. The requirement wording change will read as follows: "Admits as regular student persons who are high school graduates or the equivalent, or are beyond the compulsory school attendance age and have the ability to benefit from the training offered."

I'm sure the legislative body originally had an intent to include area vocational technical centers for participation in the Basic Education Grants program. A requirement change will provide eligibility status beyond a doubt. Hopefully this change will take place.

The 1975-76 school year is approaching at a rapid pace. We are in need of information regarding this legislative change so that we can make plans to incorporate Basic Educational Grants in our student financial aid program at Pinellas Vocational Technical Institute. We would appreciate information about progress on the status of this legislative change. Thank you for your attention, this is an important program to be incorporated in our student financial aid office.

Sincerely yours,

Robert J Kruntorad

Robert J. Kruntorad
Student Financial Aid
Counselor

RJK:tlm

RECEIVED

JUN 3 1975

June 26, 1975 S[illegible] CHURCH

Senator Frank Church
Room 204
Russell Senate Office Building
Washington, D.C., 20510

Dear Senator Church:

I am writing to protest the Basic Educational Opportunity Grant Program; a program set up by the national government where students belonging to so called "lower income families" are given money by the government so they will be able to attend institutions of higher learning. I know many fellow students who have received these grants, some deserving, some not. Some of the students that receive these grants attend colleges out of state, where they will pay a high tuition fee, and where the college is more expensive to attend. They may work during the summer to make some spending money so they will be able to live more comfortably, but they do not have to worry about finding a job with forty-five to fifty hour work weeks to enable them to dig up the money to attend the schools. Some quit working at the end of June or middle of July because they now "have enough money."

This program is indeed a very fine program, if your parents are in the "lower income range." My parents belong to the "middle class", they paid over $2,500 worth of federal income tax, and the government says they should be able to send me to school Maybe they can, in fact I know they can. All they have to do is sell the car, have the old refrigerator and washing machine repaired for the third and fourth times instead of buying new ones, stop house payments, find a way to stop spending money on food for a family of five, and never get sick so there will be no doctor bills. And oh yes, I almost forgot, maybe they can find a way to get their money back from the braces on my little sister's teeth, she can live with crooked teeth as long as she keeps her mouth shut, and instead of chewing her food, she can just swallow it. Maybe if my parents do all these things, they will be able to give me enough money, and I will be able to work in June and July, and then I might be able to attend a college out of state.

In reality, we can't do these things. So I will continue to search for employment, trying to find some source of income, so that I may be able to continue my education at Boise State University. If I work hard in July and August, and part-time during the school year, I might be able to make ends meet.

Meantime, the student who has "low income parents" will have a much easier time, having to work maybe one-third the number of hours I will; all because of the grant he was given, made possible by my parents' income tax. So in a way, you could say my parents are paying $1,500 to $2,000 so this "low income person" can go to school, and with some clever budgeting they might be able to lend me $600 to $800 so that I might be able to attend.

I find this situation very difficult to understand. Perhaps you could explain, or start some sort of reform where I might be able to use my parents' income tax for my own educational benefits, so that my parents will not have to help two people attend college: one they do not even know, and that one getting most of their money.

Thank you for reading my letter, Senator Church; or Senator Church's secretary as the case may be. I am sorry to occupy your valuable time, but I believe the best senators are the ones that know how the people they represent, feel and think.

A loyal supporter (until I run for the senate seat),

Alan Reed

Alan Reed
912 8th Ave. So.
Nampa, Idaho 83651

ST. OLAF COLLEGE
SIDNEY A. RAND, PRESIDENT
NORTHFIELD, MINNESOTA 55057

July 31, 1975

The Honorable Clairborne Pell
Senate Committee on Labor and Public Welfare
United States Senate
Washington, D.C. 20510

Dear Senator Pell:

In connection with the review now being carried out by committees of the Congress regarding authorizations for various higher education programs, I am writing to express concern regarding the possibility of the elimination of the half-cost limitation on the Basic Educational Opportunity Grants. I believe the limitation should remain.

If funds were unlimited and there were to be an open-ended appropriation for student aid, I believe a case could be made for the elimination of the half-cost feature. But on the assumption that appropriations must be held within reasonable limits, I am convinced the half-cost feature should remain. If the half-cost feature remains, there will still be some encouragement to students to consider attending other than the lower-priced institutions. And I believe it can be successfully argued that the limitation still provides for substantial aid for students who come from large-need families because they will qualify for significant amounts of aid even if they attend low-cost institutions.

Thank you for your consideration in these matters and also for the continued interest and support you have shown in connection with programs affecting higher education.

Yours respectfully,

Sidney A. Rand
President

SAR:jh

Associated Students
HUMBOLDT STATE UNIVERSITY
ARCATA, CALIFORNIA 95521 • PH. (707) 826-4221

October 31, 1974

Honorable Alan Cranston, United States Senator
United States Senate
Washington, D.C. 20510

Dear Senator:

As you may or may not be aware of, at both the state and national level, financial assistance for college students is in a deplorable state. Work-Study monies (a federal program) have been on the decrease for the past three years. In view of these decreases, inflation allowances have not been included in the 1974-75 financial aid packages (i.e. an increase in the dollar allocation of Basic Opportunity Grant, Work-Study, etc., to defray the cost of books, rent, gas, and other little necessities like food.).

Another aspect of the financial aid mess is the additional forms that have been included for the prospective recipient to fill out. Granted the forms (e.g. W-2 form, copy of IRS form--parents, or student, confidential financial statement, etc.) have been specifically added to reduce inaccuracies in reporting parents/student income. Yet in trying to insure allocations to those students with the "most need", these very students, either by omitting a certain section or getting a form in late, have been hurt the most by this new state and federal regulation--that is they either do not receive funding in time to cover costs or they drop out in desperation and frustration!

I could go on, but enclosed in this first communication is a overall view of some of the state and federal problems. I urge you to look into this matter, for it is killing the low income student. There are alternatives to many of the problems--such as reducing the entire federal financial aid program to a simple form (like the BOG) with a W-2 form attached, thus alleviating much of the red tape.

As a suggestion, you might wish to contact Representative O'Hara (Michigan, I think) who is presently heading up a task force on Higher Education and Financial Aids. Mr. Jack Altman, Director of Financial Aids at Humboldt State University, will also be an invaluable service to you, both as an information source, as well as a competent man with many constructive ideas.

COPY

Also, Assemblyman John Vassconcelles (D-San Jose) has worked hard at the state level in attempting to do something about "the MESS".

Thank you for your consideration in this matter.

Most sincerely,

Richard Ramires, ASB President
Associated Students
Humboldt State University

RR:ljc

COPY

TO: Bobby Lake
Coordinator of Ethnic Studies/Native American Studies and
Resource Center

FROM: Gary Markussen (BIA)

SUBJECT: Letter of Complaint

As Chairman of the Humboldt Student Indian Alliance, it has come to my attention that several major problems arose in the Financial Aid Program dealing with Indian students on campus. Indian students on campus have come to the point that they would like to take the Indian component out of the Financial Aid hands and put it in the E.O.P. Program or Native American Studies. The Indian students feel that they are dealing with one white, middle-class standard. There is no help for Indian students to deal with the Financial Aid problems. So we are asking for help from all programs that deal with the Indian Financial Aid problem. Bobby, here is a list of the problems dealing with Financial Aid.

1. Processing time, four weeks for the student financial aids forms, for elibibility and four weeks for BIA processing, 8 weeks total.

2. Students are required to take loans or workstudy

3. Poor scholarship services for Indian students dealing with Indian scholarship service

4. No Indian financial aid counselor to relate to.

5. Why are Indian students asked to go to welfare departments for money for help, there is no Indian self determination in this

6. Family contribution, why should a Indian student be expected to have his family pay for his education when Indian   in this country are lowest in the income bracket.

HUMBOLDT STATE UNIVERSITY
Arcata, California 95521

April 29, 1974

RESOLUTION CALLING FOR IMPROVEMENT OF THE CURRENT STUDENT FINANCIAL AID CHAOS

Whereas, the Congress of the United States has often been unduly slow in completing action on proposed student financial aid legislation, and

Whereas, the federal administrative bureaucracy has been unbelievably tardy in publishing regulations for established programs (final regulations are not yet published for programs established in mid-1972), and

Whereas, the several legislative, administrative, and regulatory bodies (Congress; California State Legislature; federal Office of Student Assistance; California State University and Colleges; and the California State Scholarship and Loan Commission) have spewed forth an astounding jumble of often conflicting, usually complex, and practically unintelligible application forms, eligibility and reporting requirements, policies and procedures, and informational material, and

Whereas, the sum total of above actions and inactions has resulted in an ever-growing financial aid bureaucratic snarl that has caused undue confusion, pain, and suffering to students, parents, educators, administrators, and counselors, as well as encouraging dishonesty, cynicism, and disrespect for the political and educational institutions of our country,

Therefore, the Student Financial Aids Committee of Humboldt State University begs, implores, pleads, and beseeches the above named legislative, administrative, and regulatory bodies to simplify, consolidate, and clarify student financial aid programs; to administer them in a timely manner; and to move toward the entitlement concept (as in the Basic Grant Program) and away from the "Welfare Department" approach (as in the overly complicated, fragmented, overlapping, and contradictory myriad of existing student financial aid programs).

Jack Altman
Director of Financial Aid

Robert Anderson
Dean of Admissions and Records

JoAnn Baxter
Student

Eugene Flocchini
Assistant Business Manager

Karen Fugate
Student

Juliette Havelka
Assistant Professor, French

Julie Jackson
Student

Sue Leong
Student

Samuel Oliner
Assistant Professor, Sociology

Manuel Rivera
Assistant Professor, Ethnic Studies

HUMBOLDT STATE UNIVERSITY
Arcata, California 95521

April 29, 1974

TO: THOSE CONCERNED

A SIMPLIFIED OVERVIEW OF A POSSIBLE FINANCIAL AID STRUCTURE OF THE FUTURE

A resolution of criticism is not of much value if alternatives are not proposed. The following alternatives seem much preferable to me over what we now have:

ALL need analysis done centrally (through improved BEOG system) free to student and family; Family Contribution Figure available, upon request, to institutions and state programs.

Basic Educational Opportunity Grant	(BEOG) --	fully funded.	
Supplemental Educational Opportunity Grant	(SEOG) --	eliminated.	
Federally Insured Student Loans	(FISL) --	no interest subsidy. 6% to student with government paying balance.	-- available to also fund higher than standard budgets, replace unavailable Family Contribution Figure or expected Student Employment Contribution.
National Direct Student Loans	(NDSL) --	(no new federal money)	
	or		
Work-Study	(WS) --	available only by following formula:	-- STANDARD BUDGET less BEOG, Family Contribution Figure, Student Employment Contribution, and other resources (Social Security, VA benefits, state awards, BIA grants, institutional grants and scholarships, AFDC, etc.) = $300 or more.

ADVANTAGES:

1. Emphasis could be placed on obtaining full BEOG funding.
2. Financial aid programs would become understandable.
3. Only one need analysis document would need to be filed and at no cost to applicant.
4. System could be administered with a smaller bureaucracy than now exists at the institutional level.
5. Available aid would be distributed on a much more consistent and, therefore, equitable basis.
6. Financial aid counseling could take place on campuses instead of present overwhelming and complex paperwork processing requirements.
7. Federal emphasis could concentrate on providing a TIMELY BEOG system.

DISADVANTAGES:

1. *If* BEOG not fully funded, system would not work well. However, the current systems are not working well at all.

If you feel the above possibilities and the attached resolution have merit, please forward copies to others you think would be interested in them.

Jack Altman
Jack Altman
Director of Financial Aid

Help may be in sight

Needy students flounder in financial morass

by Harry C. Gilbert
News Editor

Jim Jones came to Humboldt in he fall of 1974. He didn't have 'nough money to last the year. Vaturally he went to the Financial Aids office.

Though he supported himself, Jim had lived at his parents' home or one month during the summer, o he is considered a dependent student. Jim applied for four different aid programs, all of which had different forms for him to fill out.

Jim Jones became frustrated with red tape, left Humboldt State and went to work in construction.

Perhaps that's an extreme example (the story is fictitious), but students do experience frustration in dealing with requirements of a federal and state bureaucracy.

"**FINANCIAL** aids programs have problems nationally," Jack Altman, HSU director of financial aids, said in an interview last week.

In a resolution sent to state and federal agencies last April 29, Altman said, "The several legislative, administrative and regulatory bodies have spewed forth an aastounding jumble of often conflicting, usually complex and practically unintelligible application forms."

The resolution, drafted by the HSU Financial Aids Committee (which consists of faculty, students and administrators) continued:

"**THE** sum total of (these) actions and inactions has resulted in an ever growing financial aid bureaucratic snarl that has caused undue confusion, pain, and suffering to students, parents, educators, administrators and counselors."

Because of the complexity of financial aids programs, dishonesty and cynicism as well as "disrespect for the political and educational institutions of our country" occurs, the resolution stated.

The committee urged that procedures be simplified and included with its resolution specific recommendations. Apparently there has been little response.

HOWEVER, a national task force exists that is studying student financial aid programs. The vice chairman of the task force is Arthur S. Marmadulke, director of the California State Scholarship and Loan Commission.

Altman said last January Marmaduke wrote a letter stating that something had to be done now.

"It's September, and nothing's changed," Altman said. "The committee will be lucky if it can agree on the shape of a table."

ONE specific area the task force is studying, Altman said, is producing a single application form to cover all programs.

"That's one of the most difficult goals to achieve," Marmaduke said in a telephone interview last week. He cited political problems as one reason why progress appears slow, but declined to elaborate.

"Some empires may be diminished and there is a natural resistance to change," he said.

MARMADUKE said the task force is "moving along" and has done research but the "test of success is yet to be given." He expects positive changes for students seeking aid for 1976-'77 school year.

Altman said the task force "has to move faster than it did" between January and September, but he expressed hope for good results.

As for this year, Altman said there are sufficient National Defense Student Loan funds available for those who "meet the rigid eligibility requirements." The NDSL program lends money to students at three per cent interest. (This is contrasted with the Federally Insured Loan program which has less stringent eligibility rules but the interest rate is seven per cent).

DISCUSSING work study funds Altman said there won't be enough funds to cover all eligible persons. Work-study is an 80 percent federally and 20 percent locally financed program. Students are employed on campus or in some nonprofit community organizations.

Another form of aid which students use is the emergency loan fund. Altman said this is a locally-administered program which means that a student doesn't have to fill out long, detailed forms.

Up to $100 may be borrowed at most times, Altman said. The money is usually available within 24 hours after a student applies.

Financial aid

Rally held to protest cuts

By MARY ROJAS
L.T. Staff Writer

The "Coalition Against Cutbacks" made seven demands on Salvador Velasquez, financial aid director, and David Boubion, dean of students at a noon rally yesterday.

Speaker Hugo Garcia, who said that the decision to make cutbacks was made during the summer when there is less student attendance, quoted Velasquez as having said, "We did it all by ourselves."

Danny Estrada, Chicano studies instructor said that universities were not geared to accomodate the poor. "The poor struggled to get into the universities, now they must struggle to stay in."

"We demand the following from "sly pig" Boubion and "sellout" Velasquez," said Pat Murphy.

the recent normal progress policy be dropped

the $400 self-help requirement be dropped OR AT LEAST PLACED ON A MONTHLY

that all types of "local interpretation" and Federal guidelines be made public OF limited allocation i.e. $1000 or $1500 of

that financial-aid policy-making power be given to responsible CSLA students

veterans should not be discriminated against when applying for financial aid

students affected by the fire be given immediate funding

the budget should reflect the needs of the student, and not that the needs be tailored to reflect the budget

Angered by cutbacks

Students jam dean on aid

By FRANK MOBUS
U.T. Staff Writer

Over 20 students confronted Dean of Students David Boubion in his office yesterday afternoon angrily demianding that the dean respond to the financial aid cutbacks which hace hit students hard this year.

The confrontation came after a picket line in the Free Speech Area called by the Coalition Against Cutbacks. Originally, the pickets moved down to Bungalow C to face Financial Aids Director Salvador Velasquez. Unable to locate Velasquez, the pickets left the bungalow and marched up to the Administration building and into Boubion's office chanting, "They say cutback, we say fight back."

The students asked the dean to answer the printed questions which the coalition sent in a letter to Boubion and others last week. Boubion replied that he was aware that some students were having difficulties and said that he was trying to clear up problems by communicating through the University Times. He added, "Maybe we should have done a better job informing the students."

A student responded that virtually nothing had been done and that, in from the students receiving aid. Another student asked what he was doing about the fact that the budgets have been lowered and a $600 self-help requirement imposed on each aid recipient.

Boubion said, "Those issues haven't been decided here. They're local decisions, they've been decided by the Board of Trustees." One of the students shot back, "It doesn't matter where the decisions were made, the point is that hese cutbacks are forcing students out of school now and you're just carying out the Chancellor's orders." Irene Hernandez, BOD member, told Boubion that if he was really for the students he should get on the phone or have his secretary type a letter to the Chancellor telling him that he opposed the financial aid cuts.

The dean declined, stating, "I'm not doing anything right now. It takes time." One of the leaders of the coalition threatened, "If things don't happen now, we're going to call on more of the student body and then things will get done.

The students concluded by demanding that the dean reserve a room to answer questions and hear demands about financial aid. Boubion would

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T. EDWARD BRASWELL, JR., CHIEF COUNSEL AND STAFF DIRECTOR

MAR 31 1975

United States Senate
COMMITTEE ON ARMED SERVICES
WASHINGTON, D.C. 20510

March 26, 1975

Senator Claiborne Pell, Chairman
Education Subcommittee
Labor and Public Welfare Committee
Suite 4230
Washington, D. C. 20510

Dear Claiborne:

Enclosed is a copy of a letter I recently received from Mr. Stanyarne Bell, President of Erskine College, Due West, South Carolina, concerning Federal Student Aid programs which I understand may be considered by your Subcommittee in the future.

Mr. Bell's views appear to have considerable merit and are exemplary of those expressed by many respected officials in higher education in my State.

With kindest regards and best wishes,

Very truly,

Strom Thurmond

Strom Thurmond

ST/yaa

ERSKINE COLLEGE
DUE WEST, SOUTH CAROLINA 29639

Stanyarne Bell, President

Founded 1839

March 20, 1975

The Honorable Strom Thurmond
United States Senate
Senate Office Building
Washington, D. C. 20510

Dear Senator Thurmond:

I enjoyed our meeting this past week and I appreciate your interest in the Federal Student Aid Programs particularly as they relate to the private sector of higher education. In accord with requests at our meeting, the following is a summary of opinions expressed at the meeting as well as my own.

National Direct Student Loans received the strong endorsement of all college presidents. As you know, Mr. O'Hara would eliminate this program. Apparently he favors a state sponsored program of student loans with federal reinsurance. Senator Thurmond, let me make a distinction here between the Guaranteed Student Loan and the program Mr. O'Hara favors. At our meeting it was pointed out that the GSL Program, despite its theoretically appealing features, is not producing funds for students in South Carolina and there seems to be no way to make the program work on the local level. Banks are just not going to cooperate under the terms specified and I can't say that I blame them.

The new program favored by Mr. O'Hara is also referred to at times as the Guaranteed Student Loan Program. Obviously this is unfortunate. In accord somewhat with Mr. O'Hara's recommendations the South Carolina Legislature authorized a $5 million bond issue in the fall of 1974 to establish the South Carolina Student Loan Corporation. The $5 million program funded by the state is an exemplary start on a good program. At no point in the planning of this program was it intended to take the place of the NDSL Program. It was to supplement the NDSL Program. The 1973 NDSL appropriation for South Carolina was $2,695,000. If you multiply this by four, you will have some idea of the dollar benefit of this program to students currently enrolled in higher education in our state. If NDSL is canceled, all of higher education will suffer.

Bill Lesesne, our Director of Admissions, and Court Fisher, our Director of Financial Aid, tell me that if NDSL is canceled it would "cripple" our ability to help students from middle income families who do not qualify for grants based on need but still require a little help to get by. I strongly favor the NDSL Program; the effectiveness of this program is well established and the revolving feature is working extremely well. Our NDSL allocation for 1975-76 is approximately $77,000. The revolving feature will contribute an additional $75,000. Our default rate is a low 2%.

Work-Study. We have a very broad based Work-Study Program which involves 104 students or 15% of our enrollment. Some of our presidents at the meeting pointed out that the increase in the minimum wages standards will require additional funds. Work-Study was also viewed as an excellent way to keep students in college and off unemployment rolls at a fraction of the cost of unemployment benefits.

Mr. O'Hara includes a recommendation to reimburse institutions for their costs in creating or finding non-subsidized jobs for students. If this bill would reimburse the college for either its 20% participation or for jobs whose costs are in excess of 20%, I would agree with Mr. O'Hara on this provision.

Supplementary Educational Opportunity Grants. Erskine College receives approximately $24,435 in SEOG funds. This is around 18% of our allocation of federal aid funds. At the present time SEOG at Erskine College provides assistance for "high need" students whose financial requirements cannot be met with other means of financial assistance. Some of these students are out of state students who do not qualify for a South Carolina Tuition Grant.

I strongly disagree with Mr. O'Hara's bill regarding SEOG at one point. He recommends an additional requirement for individual qualification called "academic promise." Someone at HEW could ruin us with an elite interpretation of this requirement. Generally speaking no college or university is going to knowingly waste available scholarship funds on a student who doesn't have some potential for remaining four years. We simply do not want students who are going to be with us only one year.

The administration's program would eliminate SEOG and almost double the funding of BEOG. Our problem with this is that the BEOG Program is not a campus based program of financial assistance. Individual awards are made in Washington. SEOG funds are administered by local financial aid officers and this gives us the opportunity to relate and adjust four or five different forms of aid to individual student's needs. A key point here is that if the administration's recommendations on BEOG and SEOG are accepted, it would amount to a federal takeover of student aid programs. We need the flexibility which SEOG provides in combination with the present BEOG Program. SEOG insures a more practical, equitable and efficient use of funds.

Basic Educational Opportunity Grants. This is the program which Mr. O'Hara would use to channel students away from institutions of private higher education to public institutions. I would strongly recommend that we not change the present BEOG Program. The O'Hara recommendation to limit awards to $800 and at the same time to drop the provision limiting the awards to half the cost of attendance would virtually eliminate the ability of private higher education to provide substantial assistance to students from families earning less than $12, 000 a year. These students would be forced into tech schools, community colleges and other public institutions. This feature would virtually eliminate this student's opportunity to live on campus at a private school.

Mr. O'Hara's recommendations that we eliminate consideration of family assets in determining student's needs and extend BEOG awards to less than half-time students are acceptable if there is additional funding to cover these items.

State Scholarship Incentive Program. There is strong support for this program. Our group favored expansion of the present program as indicated in Mr. O'Hara's recommendations but without the changes in purpose and allocation which he suggested. Permitting the State of South Carolina to use these funds to back the state Tuition Grants Program is highly commendable. Extending the use of these funds to Work-Study Programs is, in my judgment, not necessary. The Work-Study Programs with which I am familiar are fully funded. There are sound educational reasons why many students should not work and why almost all students should be limited to 20 hours per week. The O'Hara provision to use State Scholarship Incentive funds to increase access to zero tuition schools is almost a contradiction in terminology. The question arises if this is not an attempt to urge states to use these funds to create tuition free institutions eventually adding a new dimension to the welfare state and at the same time destroy private higher education.

There was also discussion of the inadvisability of HEW developing its own "Need Tables" which would sharply limit aid to middle income families. Why should a well motivated, ambitious, hard working, productive, tax paying family earning between $10, 000 and $20, 000 be told in the midst of recession that its government is primarily interested in only those students who are from low income families? The HEW "Need Tables" impose up to a $700 penalty on these families. We urge staying with the present guidelines as developed by the College Scholarship Service and American College Testing Institute.

The Honorable Strom Thurmond
March 20, 1975
Page Four

I genuinely appreciate your taking the time to read this lengthy document. Your interest in the problems of private higher education and indeed in all of higher education is a source of encouragement. Please call me if I can ever be of any assistance to you.

With every good wish.

Sincerely,

Strom

MSB:jab

cc: Mr. E. D. Sloan, Jr., Chairman
Erskine College Board of Trustees
Sloan Construction Company
Greenville, South Carolina

INTER AMERICAN UNIVERSITY
OF PUERTO RICO
G.P.O. Box 3255 San Juan, Puerto Rico 00936

Office of the President

AUG 1 3 1975

4 August 1975

Gentlemen:

Earlier this year you introduced legislative proposals which would effect major revisions in Federal Student-aid programs. I should like to submit for your attention two problems in the current administrative procedures for three college-based student-aid programs. Since these procedural problems can lead to inequities and a failure of due process in the allocation of funds by the Office of Education, I believe they represent basic policy matters and require corrective action.

The three programs concerned are College Work Study (CWS), Supplementary Opportunity Grant (SOG), and National Directo Student Loan (NDSL). Funds for these programs are allocated to institutions in part on the basis of "determinations of need" made by federal panels at the regional level which review funding applications submitted annually. Where an educational institution believes that the regional panel has recommended a level of need below the actual need, there is provision for submission of a written appeal which is reviewed by a new Appeals Panel in Washington.

Significant changes in these procedures during the past eighteen months have remedied some of the problems which existed previously. Two significant issues remain, however:

a) Panel judgements are made and reasons are given in writing to justify them. Yet the underlying criteria or evidence considered are not made explicit - and we believe this is undesirable. For example, one reason on the panel notification reads: "Projected number of aid applicants determined to have need...is considered excessive as a percentage of total enrollment".

b) There is no provisions for institutions to have a hearing on an appeal. We would submit that institutions should be afforded a personal hearing if the amount of money involved is significant (e.g. in excess of $1 million, or more than 25% of the panel-approved figure).

-2-

This matter has proven to be of considerable significance for the many needy students attending Inter American University. It took the HEW staff associated with HEW Region II and these student-aid programs four years before finally acknowledging the existence of the total number of needy students for whom we have repeatedly requested aid. Although this has been a matter of great importance to IAU (since it involved thousands of students) - and we would be glad to provide further details should you need them - the questions of principle that this experience has illuminated are of much wider significance.

I believe the elimination of procedural defects which presently leave open the possibility of arbitrary, capricious or inequitable treatment of nay institution's application merits an early remedy - and is consistent with your own concern for clarifying and making more uniform the eligibility requirements in various student-aid programs.

Sincerely,

S. L. Descartes
President

SLD:alr

Hon. James G. O'Hara, Chairman
Committee on Education and Labor
Subcommittee on Postsecondary Education
Congress of the United States
320 Cannon House Office Building
Washington, D. C. 20515

Hon. Senator Claiborne Pell
Chairman
Senate Education Sub-Committee
Senate of the United States
Washington, D. C. 20515

306 East Polk St.
Harlingen, Texas 78550
January 25, 1975

Hon. Charles H. Percy
United States Senate
Washington, D.C. 20510

Dear Senator Percy:

Thank you very much for sending me a copy of your remarks upon the introduction of your bill to aid post-secondary education.

The problem could not be stated more clearly nor with greater eloquence. I cannot believe that a single one of your colleagues would disagree with your statements -- yet the problem worsens each year.

I share your approval of the efforts of the Federal Government in attempting to solve the problem as evidenced by the billions of dollars appropriated for this purpose. But, as you so well state, the problem is far from a solution.

The weaknesses of the present efforts are many:

1. There are too many programs. Approximately 70 different programs are aimed at aid to post-secondary education. This results in wasteful administrative expense, duplication, discrimination, and a lack of understanding of the programs.
2. All of the "grant" programs are inflationary, limited in scope, and discriminatory. They are difficult to understand and costly to administer. They sometimes result in the student and the school making their plans fit the program even at the cost of effectiveness. The "minority" programs must acquire a certain stigma and end up with bad feelings on the part of the grantees and others who are not eligable.
3. The loan programs are so complicated as to be unattractive to the borrower, and to the lenders. The repayment record is so bad as to be a real burden on the taxpayers, and result in immoral actions on the part of many of the borrowers.
4. All of the programs are uncertain enough to make any long rang planning on the part of parents or students impossible. No one can be assured of a grant or loan until final approval. Many capable and worthy students refuse to depend upon the caprice of the decision makers and will not make the effort required to fight the mountain of red tape.

There is a simple way to solve this problem permanently. A simple, comprehensive loan plan which would address itself to the common problem, and would be a life saver for thousands of students and their parents. It could be implemented with very little administrative expense, and at a very small cost to the taxpayers (other than the borrowers). It would have little if any inflationary impact since the money would be returned to the treasury. Repayment of the loans would be automatic without hardship to the borrower. It would provide built in inflation protection for the borrowers, and would make possible long range planning for post secondary education.

Hon. Charles H. Percy
Junaury 25, 1975
Page 2

If this plan could be implemented and most or all of the present programs discontinued, it would result in great savings to the Federal Government, but,more important, it would accomplish the result which you seem to be so earnestly striving for -- the guarantee that every boy and girl in our Country will grow up with the certain knowledge that they will be able to acquire whatever level of education their abilities, desire, and energy will allow them, and that they will not be denied this education because of the financial disability of their parents.

I appreciate very much the great service you are rendering, and hope that you can find time to give thoughtful consideration to this plan.

Sincerely,

George F Young

George F. Young

GEORGE F. YOUNG
806 EAST POLK STREET
HARLINGEN, TEXAS

This plan will not interfere with traditional methods of financing higher education. A great part of such education will by paid for by parents, sponsors, scholarships, etc. The plan will, however, make higher education available to those to whom such sources of financing are not available.

This plan will materially reduce the cost to the Federal Government and to the taxpayers - other than to those taxpayers who are borrowers. The need of schools for Federal Funds will be reduced since they can raise needed funds by increasing tuition. This will put all schools on a freely competitive basis. Great savings will be achieved by the elimination of the multitude of costly and ineffective programs now being funded.

Administration costs will be minimal. Because of the simplicity of the requirements, most of the expense and red-tape connected with our present plans will be eliminated. Record keeping and collecting will be accomplished by the I.R.S. using computerized methods already in place.

The removal of all income and financial ability from the qualifications willdramatically reduce administration costs, and, more important, will completely remove the stigma attached to "minority" and "ability to pay" programs.

The inescapable repayment provision will discourage "professional students" and "free-loaders" and will encourage keeping the loans as small as possible. The interest free period will encourage early repayment.

This plan will make it possible for every citizen to plan his or her education at an early age with the certain knowledge that the only reasons for failing to complete that plan will be lack of ability, or desire, or effort on the part of the individual.

The result will be complete equity in educational opportunity and a better educated and more responsible citizenry.

GEORGE F. YOUNG
805 EAST POLK STREET
HARLINGEN, TEXAS

A PLAN TO IMPROVE AND EXPAND POST-SECONDARY EDUCATION.

METHOD

Direct loans will be made by the United States Treasury to students who wish to continue their education beyond high-school level.

ELIGIBILITY

Any citizen of the United States between the ages of 17 and 35 who has been accepted by and is satisfactorily performing a full time course of study in any approved post-secondary educational institution.

MAXIMUM LIMITS

Loans will be available upon admission and at the start of each semester in an amount needed by the student to attend school. MAXIMUM amount of loan will be the amount needed to equal the costs of tuition, books, fees, and other "school" expenses, plus a cost of living allowance large enough to cover MINIMUM living expenses of student and dependents. Tuition and school expenses will be determined by the individual schools. Living allowance will be an amount established each year. Loans will be available in each of six school years, but in not more than eight calendar years from first to last loan.

INTEREST

All loans will be interest free for six years from date of first loan. After the six year period, loans will bear interest at a rate to be determined each year to equal the rate paid that year by the Government for long-term money.

REPAYMENT

Loans will be repaid by collecting from the borrower an amount equal to 60% of his or her income tax obligation beginning at the time the first loan is made and continuing until the loan is repaid. All collections the first six years will be credited to principal - payments after that will be credited first to interest and the balance to principal.

COLLECTION

All record keeping and collection will be the responsibility of the Internal Revenue Service. Methods used to collect regular income tax will be used to collect the additional 60% required for repayment of loan - witholding, estimates, etc.

806 East Polk Street
Harlingen, Texas 78550
January 17, 1975

Mr. Sal B. Corrallo
Director, Post-Secondary and
International Division/OPBE
Department of Health Education and Welfare
Office of Education
Washington, D.C. 20202

Dear Sir:

Thanks very much for your thoughtful attention to the plan for improving post-secondary educational opportunities forwarded to you by Congressman de la Garza.

If you will examine the following table, I think your concern about the repayment provision being too burdensome will be laid to rest.

GROSS ADJUSTED INCOME	MONTHLY PAYMENT ON LOAN		
	SINGLE	MARRIED	MARRIED & 2 CHILDREN
10,000.	76.50	59.50	45.00
20,000.	213.00	170.00	150.00
30,000.	408.00	328.00	301.00
40,000.	645.00	528.00	496.00

Monthly payments in higher income brackets would, of course, be progressively greater. A person making more than $40,000. per year should have no difficulty, however.

If, however, the decision makers feel that these payments are too large (I do not think they are) the percentage could be reduced to 50 or 40 -- such reductions would only extend the term of the loan. The certainty of repayment would not be eliminated.

In my opinion, the great portion of the disgraceful number of delinquents among the GSLP borrowers are delinquent not because they cannot pay, but because they will not pay. In the cases where they cannot pay it can only be because of insufficient income - this would automatically be taken care of under my plan.

There is no question that the responsibility of the IRS does not presently include collection of debts to the Federal Government. This could be corrected by a simple act of Congress.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF EDUCATION
WASHINGTON, D.C. 20202

JUN 2 1975

Honorable Claiborne Pell
Chairman, Subcommittee on Education
Committee on Labor and Public Welfare
United States Senate
Washington, D.C.

Dear Senator Pell:

We are pleased to send for your ready reference and information the enclosed sets of charts showing the numbers of students and amounts disbursed to students under the National Defense/Direct Student Loan, College Work-Study, and (Supplemental) Educational Opportunity Grants Programs during Fiscal Years 1971 through 1974.

We would like to draw your attention to the fact that the edited data for Fiscal Years 1971 and 1972 have been summarized from fiscal-operations reports submitted by the participating institutions, and may be considered final. The data for Fiscal Year 1973 are from preliminary summaries; however, we hope to have data edited and final summaries available in June. The data for Fiscal Year 1974 are from unedited fiscal-operations reports and final summaries will not be available until late fall.

We hope that you will find this information useful.

Sincerely,

T. H. Bell
U.S. Commissioner
of Education

Enclosures

Division of Student Support
and Special Programs
Bureau of Postsecondary Education
U.S. Office of Education
May 6, 1975

NUMBER OF RECIPIENTS AND AMOUNTS DISBURSED TO STUDENTS IN THE (SUPPLEMENTAL) EDUCATIONAL OPPORTUNITY GRANTS, COLLEGE WORK-STUDY, AND NATIONAL DEFENSE/DIRECT STUDENT LOAN PROGRAMS IN FISCAL YEARS 1971 THROUGH 1974

The attached charts show the numbers of student recipients and the amounts of funds disbursed to students in the (Supplemental) Educational Opportunity Grants, College Work-Study, and National Defense/Direct Student Loan Programs in Fiscal Years 1971 through 1974. The former National Defense Student Loan Program was amended, reauthorized, and renamed the National Direct Student Loan Program, effective Fiscal Year 1973. The former Educational Opportunity Grants Program was replaced by new grant programs, including the Supplemental Educational Opportunity Grants Program, effective in Fiscal Year 1974.

These data are derived from the annual fiscal-operations reports submitted to the U.S. Office of Education by participating institutions. The data for Fiscal Years 1971 and 1972 are final edited summary data. Data for Fiscal Year 1973 are almost completely edited, but final corrections may slightly change a few of the amounts. DATA FOR FISCAL YEAR 1974 ARE FROM UNEDITED REPORTS AND MUST THEREFORE BE CONSIDERED TENTATIVE. However, it should be noted that the final edited data normally do not differ, at the aggregate United States level, by more than a few percentage points from the unedited data. The effect of errors is of course somewhat magnified in subgroupings within the aggregate U.S. data.

The numbers of students shown on the total pages (charts 1 and 5) are unduplicated numbers of recipients among the three programs; therefore, each entry on these pages is less than the sum of the entries on the corresponding program pages. The total funds disbursed to students are equal to the sums of the corresponding entries on the program pages. The funds disbursed to students include the matching institutional funds provided in the work-study and loan programs, as well as the loan volume generated from collections on prior loans, but do not include the Federal funds disbursed for administrative expense withdrawals.

In the four-year period covered by these charts, the total number of students participating in these three programs increased from 893,037 to 1,200,000 (chart #1), while the disbursements to students increased from $680.5 million to $935 million. The average assistance per student increased from $762 in Fiscal Year 1971 to $826 in Fiscal Year 1972 and then declined to $798 in Fiscal Year 1973 and $779 in Fiscal Year 1974. That pattern reflects the fact that the combined Federal funding for these programs increased only slightly from 1972 to 1973 and was unchanged from 1973 to 1974, while each year the number of participating institutions increased significantly, with a corresponding increase in the pool of eligible students.

At the aggregate U.S. level, the numbers of students and the amounts disbursed to students increased in each program in each fiscal year with one exception: the amount disbursed to CWSP recipients shows a statistically insignificant decline from an estimated $296 million in Fiscal Year 1973 to an estimated $295 million in Fiscal Year 1974. This occurred because of the implementation of the statutory authorization for each institution participating in both the SEOG and CWS Programs to transfer up to 10% of its award for a fiscal year from one program to the other. Approximately $6.3 million was transferred from CWSP to SEOGP in Fiscal Year 1974, while only $1.3 million was transferred from SEOGP to CWSP, resulting in a net transfer of $5 million from CWSP to SEOGP.

Charts #1 through #4, showing the numbers of students and disbursements by gross family income level, show a fairly consistent pattern. Note that only the undergraduate dependent students are displayed by gross family income levels. Undergraduate independent and all graduate students are shown in separate columns. Such students now comprise about 20% of the total unduplicated group of recipients. Since previous reports show that the income distribution of independent students is substantially lower than that for dependent students, the income distribution of all recipients in each program would show higher percentages in the lowest income categories than those shown here for undergraduate dependent students. However, income data for independent students are no longer collected.

Chart #1 shows that the participation of graduate students in the CWS and NDSL programs (they are statutorily ineligible to participate in the grant program) has remained almost constant at about 5% of the number of recipients and 7% of the funds expended throughout the four-year period. However, the percentage of undergraduate independent students increased somewhat, particularly in Fiscal Year 1974.

The income distribution of (S)EOG recipients is consistently the lowest among the three programs, followed by CWSP, then NDSLP. All three programs show a gradual percentage shift toward higher income categories. This is particularly pronounced in Fiscal Year 1974. Since average and median incomes have also risen throughout this period, these shifts are believed to be related more to that factor than to any shift in program emphasis from the most needy students. Additionally, the implementation of additional programs, notably the Basic Educational Opportunity Grant Program, has meant that some part of the need of the most financially needy students has been absorbed by that program, leaving less to be met through the campus-based programs.

Of the unduplicated group of recipients in all three programs, the number of dependent student recipients from families with gross incomes of less than $9,000 increased from 535,000 to 593,000, an increase of 10.8%, while the number of recipients from family incomes above $9,000 increased from 190,000 to 308,000, or 62.1%. Therefore, whereas the lower income group represented 59.9% of the total recipients in Fiscal Year 1971, they were only 49.4% of the total group by Fiscal Year 1974, while dependent students above $9,000 increased from 21.3% to 25.7% of the total over the four-year period. The number of independent undergraduate student recipients also increased significantly over the four-year period, from 128,000 to 236,000, or from 14.3% to 19.7% of the total.

In the Supplemental Educational Opportunity Grant Program (chart #2), the number of students from families with incomes below $6,000 remained virtually unchanged at about 180,000 except for Fiscal Year 1972. However, the percentage of such students within the total group declined from 60.5% to 45.7%, and is accompanied by a significant increase in the percentage of undergraduate independent students. This shift is most noticeable from Fiscal Year 1973 to Fiscal Year 1974. Although the Fiscal Year 1974 summaries have not yet been thoroughly analyzed, it appears that this shift is caused by at least three factors. First, proprietary institutions were eligible to participate in the grant program for the first time in Fiscal Year 1974, and such institutions have a higher proportion of independent students than other types of institutions. Second, the Supplemental Educational Opportunity Grants Program began operation in Fiscal Year 1974, with somewhat different eligibility criteria than the former Educational Opportunity Grants Program. Finally, as mentioned earlier, the implementation of the Basic Educational Opportunity Grants Program in Fiscal Year 1974 meant that students with greatest financial need received some of their financial assistance from that program.

Chart #3 reflects similar trends in the College Work-Study Program, although with smaller percentage shifts than in the grant program. Undergraduate independent students increased from 14.4% to 17.4% of the CWSP recipient group. Among the dependent student group, the same upward shift in family incomes occurred.

In the NDSL program (chart #4), the number of undergraduate independent students more than doubled, from 68,000 to 145,000, while the percentage of those students in the total recipient group increased from 12.4% to 21.3%. The dependent students from family incomes below $9,000 declined slightly, from 300,000 to 296,000, while the total number of recipients increased from 548,000 to 680,000. Therefore, while such students constituted 54.8% of the total recipients in Fiscal Year 1971, they constituted only 43.5% in Fiscal Year 1974.

Charts #5 through #8, reflecting numbers of recipients and expenditures by type and control of institution, show a relatively consistent pattern of disbursements by type and control for the four fiscal years. About 60% of the combined expenditures for the three programs are spent at public institutions, and the remaining 40% is divided among private nonprofit and private proprietary institutions. The percentages of expenditures at proprietary institutions increased slightly during this period and particularly in Fiscal Year 1974, which is the first fiscal year that such institutions were eligible for participation in the grant program.

It is somewhat surprising that the percentage distribution of the unduplicated students by type and control of institution does not vary by more than 2% from 1971 to 1974 for any single type of institution, except for proprietary institutions; and there is only a slightly greater variation in the expenditures by type and control. By far the largest percentage increase in expenditures occurred in the proprietary institutions, where the increase from $2.9 million in FY 1971 to $26.2 million in FY 1974 represents an increase of 814%.

Somewhat larger variations occur in the individual programs. The most noticeable shift in the distribution of students and expenditures by institutional type and control occurred in the grant program. In that program the participation rate at public two-year institutions increased from 11.6% to 20.5% of the number of students and from 8.7% to 15.1% of the total expenditures over the four-year span, whereas the participation rate at all private nonprofit institutions decreased from 36.4% to 26.8% of the number of students and from 40.8% to 34.0% of the total expenditures. The actual number of grant recipients in private nonprofit institutions remained relatively stable, and the funds disbursed to such students actually increased, but the same factors increased at an even greater rate in the public two-year sector. It is also notable that the participation of proprietary institutions comprised 3.2% of the students and 3.6% of the total expenditures in Fiscal Year 1974, which is the first year that such institutions were eligible for participation in the grant program.

The type/control distribution in the College Work-Study Program (chart #6) also remained fairly stable, with approximately 68% of the students and dollars at public institutions and approximately 32% of the students and dollars at private institutions for all four years. The total number of students increased by 33%, and the amounts disbursed to students increased by 36%. The most notable growth in that program occurred in the public two-year institutions, whose expenditures increased by 59% over the four-year period, as their percentage share of total expenditures increased from 15.7% to 18.4%. Proprietary school volume more than doubled, but on a much smaller scale than the growth for two-year institutions.

The National Defense/Direct Student Loan Program (chart #8) also reflects a very rapid growth in the participation of proprietary institutions, from $1,453,905 in FY 1971 to $15,840,000 in FY 1974. Aside from proprietary institutions, the type/control distributions for that program also remained stable at roughly 55% public and 45% private for expenditures and roughly 60% public and 40% private in terms of students served.

Finally, it should be noted that while the type/control distributions for each program remained steady, the distributions are somewhat different among the programs. The public/private split of students is roughly 70/30 in the grant program, 68/32 in the work-study program, and 60/40 in the loan program. The corresponding ratios for expenditures are 62/38 in the grant program, 68/32 in the work-study program, and 55/45 in the loan program. The principal cause of these variations is presumed to be the different order of preference for the three programs among the types of institutions.

NUMBER OF STUDENTS AIDED AND AMOUNTS SPENT BY INCOME CATEGORY FOR UNDERGRADUATE DEPENDENT STUDENTS OR BY UNDERGRADUATE INDEPENDENT STATUS
GRADUATE STATUS IN THE (SUPPLEMENTAL)EDUCATIONAL OPPORTUNITY GRANTS, COLLEGE WORK-STUDY, AND NATIONAL DEFENSE/DIRECT STUDENT LOAN PROGRAMS

May 6, 1975

CHART # 1

	TOTAL	GROSS FAMILY INCOME OF UNDERGRADUATE DEPENDENT STUDENTS 0-$5,999	$6,000-$8,999	$9,000-$11,999	$12,000 & Over	Undergraduate Independent	Graduate
FY 1971							
Students Aided 1/							
Number	893,037	329,001	206,262	114,462	75,918	127,849	39,545
Percentage	100.0%	36.8%	23.1%	12.8%	8.5%	14.3%	4.5%
Funds to Students 2/							
Amount	$ 680,529,942	NA	NA	NA	NA	NA	NA
Percentage	NA	NA	NA	NA	NA	NA	NA
FY 1972							
Students Aided 1/							
Number	998,157	358,355	212,427	122,091	93,399	161,630	50,255
Percentage	100.0%	35.9%	21.3%	12.2%	9.4%	16.2%	5.0%
Funds to Students							
Amount	$ 825,385,071	$ 321,900,178	$ 170,854,710	$ 83,363,892	$ 57,776,955	$ 133,712,381	$ 57,776,955
Percentage	100.0%	39.0%	20.7%	10.1%	7.0%	16.2%	7.0%
FY 1973 (Preliminary)							
Students Aided 1/							
Number	1,150,000	442,800	247,200	115,000	108,100	181,700	55,200
Percentage	100.0%	38.5%	21.5%	10.0%	9.4%	15.8%	4.8%
Funds to Students							
Amount	$ 918,000,000	$ 335,988,000	$ 193,698,000	$ 95,472,000	$ 75,276,000	$ 154,224,000	$ 63,342,000
Percentage	100.0%	36.6%	21.1%	10.4%	8.2%	16.8%	6.9%
FY 1974 (Unedited)							
Students Aided 1/							
Number	1,200,000	375,600	217,200	152,400	156,000	236,400	62,400
Percentage	100.0%	31.3%	18.1%	12.7%	13.0%	19.7%	5.2%
Funds to Students							
Amount	$ 935,000,000	$ 287,045,000	$187,000,000	$ 106,590,000	$ 95,370,000	$ 193,545,000	$ 65,450,000
Percentage	100.0%	30.7%	20.0%	11.4%	10.2%	20.7%	7.0%

1/ Unduplicated number of students receiving aid from one or more of the three programs.

2/ FY 1971 report did not contain data for funds to students by gross family income.

NUMBER OF STUDENTS AIDED AND AMOUNTS SPENT BY INCOME CATEGORY FOR UNDERGRADUATE DEPENDENT STUDENTS OR BY UNDERGRADUATE INDEPENDENT STATUS OR GRADUATE STATUS IN THE (SUPPLEMENTAL)EDUCATIONAL OPPORTUNITY GRANTS PROGRAM

May 6, 1975

CHART # 2

		GROSS FAMILY INCOME OF UNDERGRADUATE DEPENDENT STUDENTS					
	TOTAL	0-$5,999	$6,000-$8,999	$9,000-$11,999	$12,000 & Over	Undergraduate Independent	Graduate
FY 1971							
Students Aided							
Number	297,335	179,873	70,421	6,568 2/	2/	40,473	- -
Percentage	100.0%	60.5%	23.7%	2.2%		13.6%	- -
Funds to Students 1/							
Amount	$ 151,328,855	NA	NA	NA	NA	NA	- -
Percentage	NA	NA	NA	NA	NA	NA	- -
FY 1972							
Students Aided							
Number	320,369	192,221	73,365	4,805	641	49,337	- -
Percentage	100.0%	60.0%	22.9%	1.5%	0.2%	15.4%	- -
Funds to Students							
Amount	$ 167,323,318	$ 100,728,637	$ 38,986,333	$ 2,509,850	$ 334,647	$ 24,763,851	- -
Percentage	100.0%	60.2%	23.3%	1.5%	0.2%	14.8%	- -
FY 1973 (Preliminary)							
Students Aided							
Number	331,000	179,400	95,600	6,000	300	49,700	- -
Percentage	100.0%	54.2%	28.9%	1.8%	0.1%	15.0%	- -
Funds to Students							
Amount	$ 189,000,000	$ 108,864,000	$ 47,817,000	$ 2,268,000	$ 189,000	$ 29,862,000	- -
Percentage	100.0%	57.6%	25.3%	1.2%	0.1%	15.8%	- -
FY 1974 (Unedited)							
Students Aided							
Number	395,000	180,500	84,100	27,300	10,700	92,400	- -
Percentage	100.0%	45.7%	21.3%	6.9%	2.7%	23.4%	- -
Funds to Students							
Amount	$ 200,000,000	$ 92,200,000	$ 45,200,000	$ 13,400,000	$ 5,000,000	$ 44,200,000	- -
Percentage	100.0%	46.1%	22.6%	6.7%	2.5%	22.1%	- -

1/ FY 1971 Report did not contain data for funds to students by gross family income.

2/ Upper income category in FY 1971 report format is "$9,000 and over".

NUMBER OF STUDENTS AIDED AND AMOUNTS SPENT BY INCOME CATEGORY FOR UNDERGRADUATE DEPENDENT STUDENTS OR BY UNDERGRADUATE INDEPENDENT STATUS OR GRADUATE STATUS IN THE COLLEGE WORK-STUDY PROGRAM

CHART # 3

May 6, 1975

		GROSS FAMILY INCOME OF UNDERGRADUATE DEPENDENT STUDENTS					
	TOTAL	0-$5,999	$6,000-$8,999	$9,000-$11,999	$12,000 & Over	Undergraduate Independent	Graduate
FY 1971							
Students Aided							
Number	427,171	175,310	103,673	48,165	20,871	61,609	17,523
Percentage	100.0%	41.0%	24.3%	11.3%	4.9%	14.4%	4.1%
Funds to Students 1/							
Amount	$ 216,898,810	NA	NA	NA	NA	NA	NA
Percentage	NA	NA	NA	NA	NA	NA	NA
FY 1972							
Students Aided							
Number	496,257	210,909	110,665	54,092	26,798	76,920	16,873
Percentage	100.0%	42.5%	22.3%	10.9%	5.4%	15.5%	3.4%
Funds to Students							
Amount	$ 259,910,753	$ 110,981,895	$ 55,101,079	$ 25,471,253	$ 12,215,805	$ 43,405,095	$ 12,735,626
Percentage	100.0%	42.7%	21.2%	9.8%	4.7%	16.7%	4.9%
FY 1973 (Preliminary)							
Students Aided							
Number	556,000	229,100	110,600	62,300	46,100	80,100	27,800
Percentage	100.0%	41.2%	19.9%	11.2%	8.3%	14.4%	5.0%
Funds to Students							
Amount	$ 296,000,000	$ 116,624,000	$ 61,272,000	$ 31,672,000	$ 18,056,000	$ 51,800,000	$ 16,576,000
Percentage	100.0%	39.4%	20.7%	10.7%	6.1%	17.5%	5.6%
FY 1974 (Unedited)							
Students Aided							
Number	570,000	201,800	103,700	70,700	62,100	99,200	32,500
Percentage	100.0%	35.4%	18.2%	12.4%	10.9%	17.4%	5.7%
Funds to Students							
Amount	$ 295,000,000	$ 106,200,000	$ 54,870,000	$ 33,925,000	$ 27,140,000	$ 56,345,000	$ 16,520,000
Percentage	100.0%	36.0%	18.6%	11.5%	9.2%	19.1%	5.6%

1/ FY 1971 Report did not contain data for Funds to Students by gross family income.

NUMBER OF STUDENTS AIDED AND AMOUNTS SPENT BY INCOME CATEGORY FOR UNDERGRADUATE DEPENDENT [illegible]
OR GRADUATE STATUS IN THE NATIONAL DEFENSE/DIRECT STUDENT LOAN PROGRAM

May 6, 1975

CHART # 4

		GROSS FAMILY INCOME OF UNDERGRADUATE DEPENDENT STUDENTS					
FY 1971	TOTAL	0-$5,999	$6,000-$8,999	$9,000-$11,999	$12,000 & Over	Undergraduate Independent	Graduate
Students Aided							
Number	547,307	176,429	123,839	82,438	61,683	67,896	35,022
Percentage	100.0%	32.2%	22.6%	15.1%	11.3%	12.4%	6.4%
Funds to Students 1/							
Amount	$ 312,302,277	NA	NA	NA	NA	NA	NA
Percentage	NA	NA	NA	NA	NA	NA	NA
FY 1972							
Students Aided							
Number	645,696	196,293	131,722	91,689	78,128	105,894	41,970
Percentage	100.0%	30.4%	20.4%	14.2%	12.1%	16.4%	6.5%
Funds to Students							
Amount	$ 398,151,000	$ 110,287,827	$ 76,843,143	$ 54,944,838	$ 45,787,365	$ 65,296,764	$ 44,991,063
Percentage	100.0%	27.7%	19.3%	13.8%	11.5%	16.4%	11.3%
FY 1973 (Preliminary)							
Students Aided							
Number	655,000	172,300	119,200	90,400	115,300	104,800	53,000
Percentage	100.0%	26.3%	18.2%	13.8%	17.6%	16.0%	8.1%
Funds to Students							
Amount	$ 433,000,000	$ 110,848,000	$ 84,868,000	$ 60,620,000	$ 57,156,000	$ 72,744,000	$ 46,764,000
Percentage	100.0%	25.6%	19.6%	14.0%	13.2%	16.8%	10.8%
FY 1974 (Unedited)							
Students Aided							
Number	680,000	180,200	115,600	93,200	103,400	144,800	42,800
Percentage	100.0%	26.5%	17.0%	13.7%	15.2%	21.3%	6.3%
Funds to Students							
Amount	$ 440,000,000	$ 103,840,000	$ 70,400,000	$ 59,840,000	$ 63,360,000	$ 93,720,000	$ 48,840,000
Percentage	100.0%	23.6%	16.0%	13.6%	14.4%	21.3%	11.1%

1/ FY 1971 report did not contain data for funds to students by gross family income.

NUMBER OF STUDENTS AIDED AND AMOUNTS SPENT BY INSTITUTIONAL TYPE AND CONTROL IN THE (SUPPLEMENTAL) EDUCATIONAL OPPORTUNITY GRANTS, COLLEGE WORK-STUDY, AND NATIONAL DEFENSE/DIRECT STUDENT LOAN PROGRAMS

May 6, 1975

CHART # 5

	FY 1971	FY 1972	Preliminary FY 1973	Unedited FY 1974
Number of Students 1/				
Aggregate U. S.	893,037 (100.0%)	998,157 (100.0%)	1,150,000 (100.0%)	1,200,000 (100.0%)
Public	579,724 (64.9%)	650,857 (65.2%)	744,900 (64.8%)	766,800 (63.9%)
Universities	375,550 (42.1%)	428,256 (42.9%)	478,400 (41.6%)	476,400 (39.7%)
Other 4-Year	71,688 (8.0%)	79,225 (7.9%)	97,300 (8.5%)	97,200 (8.1%)
2-Year	126,529 (14.2%)	135,885 (13.6%)	158,600 (13.8%)	177,600 (14.8%)
Area-Voc.	5,957 (0.6%)	7,491 (0.8%)	10,600 (0.9%)	15,600 (1.3%)
Private	309,424 (34.6%)	339,142 (34.0%)	397,800 (34.6%)	402,000 (33.5%)
Universities	135,618 (15.2%)	150,620 (15.1%)	165,700 (14.4%)	177,600 (14.8%)
Other 4-Year	153,948 (17.2%)	169,663 (17.0%)	205,400 (17.9%)	193,200 (16.1%)
2-Year	19,858 (2.2%)	18,859 (1.9%)	26,700 (2.3%)	31,200 (2.6%)
Proprietary	3,889 (0.5%)	8,158 (0.8%)	7,300 (0.6%)	31,200 (2.6%)
Funds to Students				
Aggregate U. S.	$ 680,529,942 (100.0%)	$ 825,385,071 (100.0%)	$ 918,000,000 (100.0%)	$ 935,000,000 (100.0%)
Public	$ 408,782,325 (60,1%)	$ 493,580,272 (59.8%)	$ 568,242,000 (61.9%)	$ 551,650,000 (59.0%)
Universities	2/	$ 348,312,500 (42.2%)	$ 403,920,000 (44.0%)	$ 372,130,000 (39.8%)
Other 4-Year	2/	$ 59,427,725 (7.2%)	$ 64,260,000 (7.0%)	$ 63,580,000 (6.8%)
2-Year	2/	$ 81,713,122 (9.9%)	$ 94,554,000 (10.3%)	$ 107,525,000 (11.5%)
Area-Voc.	2/	$ 4,126,925 (0.5%)	$ 5,508,000 (0.6%)	$ 8,415,000 (0.9%)
Private	$ 268,881,845 (39,5%)	$ 322,725,563 (39.1%)	$ 340,578,000 (37.1%)	$ 357,170,000 (38.2%)
Universities	2/	$ 146,093,158 (17.7%)	$ 153,306,000 (16.7%)	$ 158,015,000 (16.9%)
Other 4-Year	2/	$ 150,220,083 (18.2%)	$ 167,994,000 (18.3%)	$ 176,715,000 (18.9%)
2-Year	2/	$ 26,412,322 (3.2%)	$ 19,278,000 (2.1%)	$ 22,440,000 (2.4%)
Proprietary	$ 2,865,772 (0.4%)	$ 9,079,236 (1.1%)	$ 9,180,000 (1.0%)	$ 26,180,000 (2.8%)

1/ Unduplicated number of students receiving aid from one or more of the three programs.

2/ Data for total funds to students by institutional type-within-control are not available for FY 1971.

NUMBER OF STUDENTS AIDED AND AMOUNTS SPENT BY INSTITUTIONAL TYPE AND CONTROL IN THE (SUPPLEMENTAL)E[illegible] May 6, 1973

CHART / 6

	FY 1971	FY 1972	Preliminary [illegible]	[illegible]
Number of Students				
Aggregate U. S.	297,335 (100.0%)	320,369 (100.0%)	331,000 (100.0%)	395,000 (100.0%)
Public	189,105 (63.6%)	221,602 (69.2%)	228,400 (69.0%)	276,500 (70.0%)
Universities	116,678 (39.2%)	130,575 (40.8%)	136,000 (41.1%)	144,200 (36.5%)
Other 4-Year	36,875 (12.4%)	27,812 (8.7%)	30,500 (9.2%)	46,500 (11.8%)
2-Year	34,417 (11.6%)	61,587 (19.2%)	59,600 (18.0%)	81,100 (20.5%)
Area-Voc.	1,135 (0.4%)	1,628 (0.5%)	2,300 (0.7%)	4,700 (1.2%)
Private	108,230 (36.4%)	98,767 (30.8%)	102,600 (31.0%)	105,800 (26.8%)
Universities	46,951 (15.8%)	33,459 (10.4%)	34,400 (10.4%)	36,400 (9.3%)
Other 4-Year	54,506 (18.3%)	56,611 (17.7%)	59,300 (17.9%)	58,200 (14.7%)
2-Year	6,773 (2.3%)	8,697 (2.7%)	8,900 (2.7%)	11,200 (2.8%)
Proprietary 1/	- -	- -	- -	12,700 (3.2%)
Funds to Students				
Aggregate U. S.	$ 151,328,855 (100.0%)	$ 167,323,318 (100.0%)	$ 189,000,000 (100.0%)	$ 200,000,000 (100.0%)
Public	$ 89,628,815 (59.2%)	$ 103,883,616 (62.1%)	$ 119,070,000 (63.0%)	$ 124,800,000 (62.4%)
Universities	$ 64,554,633 (42.7%)	$ 70,725,816 (42.3%)	$ 79,380,000 (42.0%)	$ 78,000,000 (39.0%)
Other 4-Year	$ 11,424,715 (7.5%)	$ 12,503,743 (7.5%)	$ 15,120,000 (8.0%)	$ 14,851,000 (7.4%)
2-Year	$ 13,115,877 (8.7%)	$ 19,995,711 (11.9%)	$ 23,625,000 (12.5%)	$ 30,2[illegible],000 (15.1%)
Area-Voc.	$ 533,590 (0.3%)	$ 658,346 (0.4%)	$ 945,000 (0.5%)	$ 1,[illegible],000 (0.9%)
Private	$ 61,700,040 (40.8%)	$ 63,439,702 (37.9%)	$ 69,930,000 (37.0%)	$ 68,000,000 (34.0%)
Universities	$ 22,940,438 (15.2%)	$ 24,176,696 (14.5%)	$ 26,002,000 (13.8%)	$ 25,636,000 (12.8%)
Other 4-Year	$ 35,488,263 (23.[illegible])	$ 35,505,003 (21.2%)	$ 39,501,000 (20.9%)	$ 36,652,000 (18.3%)
2-Year	$ 3,271,339 (2.1%)	$ 3,758,003 (2.2%)	$ 4,347,000 (2.3%)	$ 5,712,000 (2.9%)
Proprietary 1/	- -	- -	- -	$ 7,200,000 (3.6%)

1/ Proprietary institutions were not eligible for EOG funds through FY 1973.

NUMBER OF STUDENTS AIDED AND AMOUNTS SPENT BY INSTITUTIONAL TYPE AND CONTROL IN THE COLLEGE WORK-STUDY PROGRAM

May 6, 1975

CHART # 7

	FY 1971	FY 1972	Preliminary FY 1973	Unedited FY 1974
Number of Students				
Aggregate U. S.	427,171 (100.0%)	496,257 (100.0%)	556,000 (100.0%)	570,000 (100.0%)
Public	294,151 (68.9%)	339,727 (68.5%)	378,100 (68.0%)	384,200 (67.4%)
Universities	176,091 (41.2%)	195,035 (39.3%)	218,500 (39.3%)	219,000 (38.4%)
Other 4-Year	39,666 (9.3%)	44,594 (9.0%)	48,900 (8.8%)	48,400 (8.5%)
2-Year	73,124 (17.1%)	92,804 (18.7%)	100,100 (18.0%)	104,500 (18.3%)
Area-Voc.	5,270 (1.3%)	7,294 (1.5%)	10,600 (1.9%)	12,300 (2.2%)
Private	130,026 (30.4%)	152,001 (30.6%)	173,400 (31.2%)	178,400 (31.3%)
Universities	45,579 (10.7%)	54,179 (10.9%)	63,900 (11.5%)	68,500 (12.0%)
Other 4-Year	74,194 (17.3%)	84,934 (17.1%)	95,100 (17.1%)	93,700 (16.4%)
2-Year	10,253 (2.4%)	12,888 (2.6%)	14,400 (2.6%)	16,200 (2.9%)
Proprietary	2,994 (0.7%)	4,529 (0.9%)	4,500 (0.8%)	7,400 (1.3%)
Funds to Students				
Aggregate U. S.	$ 216,898,810 (100.0%)	$ 259,910,753 (100.0%)	$ 296,000,000 (100.0%)	$ 295,000,000 (100.0%)
Public	$ 147,479,857 (68.0%)	$ 176,826,547 (68.0%)	$ 202,760,000 (68.5%)	$ 198,535,000 (67.3%)
Universities	$ 93,477,708 (43.1%)	$ 105,971,853 (40.8%)	$ 120,768,000 (40.8%)	$ 114,753,000 (38.9%)
Other 4-Year	$ 18,056,361 (8.3%)	$ 22,933,976 (8.8%)	$ 25,752,000 (8.7%)	$ 24,023,000 (8.1%)
2-Year	$ 33,973,585 (15.7%)	$ 44,858,456 (17.2%)	$ 51,800,000 (17.5%)	$ 54,200,000 (18.4%)
Area-Voc.	$ 1,972,203 (0.9%)	$ 3,062,262 (1.2%)	$ 4,440,000 (1.5%)	$ 5,559,000 (1.9%)
Private	$ 68,007,086 (31.4%)	$ 80,876,976 (31.1%)	$ 90,280,000 (30.5%)	$ 92,630,000 (31.4%)
Universities	$ 26,178,208 (12.1%)	$ 31,519,610 (12.1%)	$ 34,040,000 (11.5%)	$ 37,886,000 (12.8%)
Other 4-Year	$ 36,238,778 (16.7%)	$ 42,208,256 (16.2%)	$ 47,952,000 (16.2%)	$ 45,759,000 (15.5%)
2-Year	$ 5,590,100 (2.6%)	$ 7,149,110 (2.8%)	$ 8,288,000 (2.8%)	$ 8,985,000 (3.1%)
Proprietary	$ 1,411,867 (0.6%)	$ 2,207,230 (0.9%)	$ 2,960,000 (1.0%)	$ 3,835,000 (1.3%)

NUMBER OF STUDENTS AIDED AND AMOUNTS SPENT BY INSTITUTIONAL TYPE AND CONTROL IN THE NATIONAL DEFENSE/DIRECT STUDENT LOAN PROGRAM May 6, 1975

CHART # 8

	FY 1971	FY 1972	Preliminary FY 1973	Unaudited FY 1974
Number of Students				
Aggregate U. S.	547,307 (100.0%)	645,696 (100.0%)	655,000 (100.0%)	680,000 (100.0%)
Public	321,707 (58.8%)	382,502 (59.2%)	392,400 (59.9%)	398,500 (58.6%)
Universities	242,085 (44.2%)	283,387 (43.9%)	286,900 (43.8%)	286,200 (42.1%)
Other 4-Year	44,235 (8.1%)	51,655 (8.0%)	51,100 (7.8%)	49,000 (7.2%)
2-Year	34,583 (6.3%)	46,499 (7.2%)	53,100 (8.1%)	61,900 (9.1%)
Area-Voc.	804 (0.2%)	961 (0.1%)	1,300 (0.2%)	1,400 (0.2%)
Private	223,903 (40.9%)	258,003 (40.0%)	257,400 (39.3%)	263,800 (38.8%)
Universities	106,802 (19.5%)	121,659 (18.9%)	123,800 (18.9%)	126,500 (18.6%)
Other 4-Year	107,921 (19.7%)	125,274 (19.4%)	121,200 (18.5%)	123,700 (18.2%)
2-Year	9,180 (1.7%)	11,070 (1.7%)	12,400 (1.9%)	13,600 (2.0%)
Proprietary	1,697 (0.3%)	5,191 (0.8%)	5,200 (0.8%)	17,700 (2.6%)
Funds to Students				
Aggregate U. S.	$ 312,302,277 (100.0%)	$ 398,151,000 (100.0%)	$ 433,000,000 (100.0%)	$ 440,000,000 (100.0%)
Public	$ 171,673,653 (54.9%)	$ 218,355,545 (54.8%)	$ 236,851,000 (54.7%)	$ 240,680,000 (54.7%)
Universities	1/	$ 172,288,670 (43.3%)	$ 185,757,000 (42.9%)	$ 187,880,000 (42.7%)
Other 4-Year	1/	$ 25,992,543 (6.5%)	$ 27,279,000 (6.3%)	$ 25,960,000 (5.9%)
2-Year	1/	$ 19,705,810 (4.9%)	$ 23,382,000 (5.4%)	$ 26,400,000 (6.0%)
Area-Voc.	1/	$ 368,522 (0.1%)	$ 433,000 (0.1%)	$ 440,000 (0.1%)
Private	$ 139,174,719 (44.6%)	$ 175,976,002 (44.2%)	$ 189,221,000 (43.7%)	$ 183,480,000 (41.7%)
Universities	1/	$ 92,177,100 (23.1%)	$ 98,724,000 (22.8%)	$ 96,800,000 (22.0%)
Other 4-Year	1/	$ 77,900,468 (19.6%)	$ 83,136,000 (19.2%)	$ 78,760,000 (17.9%)
2-Year	1/	$ 5,898,434 (1.5%)	$ 7,361,000 (1.7%)	$ 7,920,000 (1.8%)
Proprietary	$ 1,453,905 (0.5%)	$ 3,819,453 (1.0%)	$ 6,928,000 (1.6%)	$ 15,840,000 (3.6%)

1/ FY 1971 NDSL report contained data for funds to students by type of institution on a cumulative basis only; data for the twelve months of FY 1971 are therefore not readily available.

Senator PELL. This concludes today's hearing. We will meet again at 10 o'clock tomorrow morning.

[Whereupon, the Subcommittee on Education adjourned at 11:35, to reconvene at 10 a.m., on Thursday, June 12, 1975.]

HIGHER EDUCATION LEGISLATION, 1975

Student Assistance

THURSDAY, JUNE 12, 1975

U.S. SENATE,
SUBCOMMITTEE ON EDUCATION OF THE
COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C.

The subcommittee met, pursuant to recess, at 9:55 a.m. in room 4232, Dirksen Senate Office Building, Senator Claiborne Pell (chairman of the subcommittee) presiding.

Present: Senators Pell, Hathaway, Javits, Beall, and Stafford.

Senator PELL. The Subcommittee on Education will come to order. Today will be our third and final day of hearings on student assistance.

On Tuesday and Wednesday we had testimony from many different groups with varying viewpoints on the present student assistance programs and how they could be adjusted or amended to insure that Federal student aid is made available to as many eligible students as possible.

Our witnesses today will discuss the student assistance programs as they affect individual universities and minority groups. Also, we shall receive a report from the Honorable Francis Kappel who is Chairman of the National Task Force on Student Aid Problems.

Today also, we face a problem in that the full committee wishes to meet in this room at 11 o'clock, so we have to try to wrap up before then. Therefore, I request that oral testimony be limited to 10 minutes; the complete testimony will be inserted in the record. This procedure allows time for questions and answers.

The first witness today is Dr. Arturo Morales Carrion, president of the University of Puerto Rico. We very much appreciate the trouble he took in coming up here to make his statement.

STATEMENT OF ARTURO MORALES CARRION, PRESIDENT, UNIVERSITY OF PUERTO RICO

Mr. CARRION. Mr. Chairman, I have a written statement which I will try to summarize.

Senator PELL. Thank you very much. I can assure you the whole body of your statement will appear in the record.

Mr. CARRION. I appreciate very much this opportunity to participate in your review and evaluation of the student aid programs started under the education amendments of 1972.

Let me say that it is propitious for this subcommittee to have Senator Pell of Rhode Island as its chairman.

The Commonwealth of Puerto Rico, as you know, is about three times the size of Rhode Island geographically speaking, and about three times as large demographically speaking. So we have in common a very high population density which makes us feel acutely the impact of the recession. We also have in common a singular lack of petroleum resources, at least for the moment; therefore, we are both suffering from inflation and especially from the sharp rise in the price of the imported petroleum on which our economies depend.

Senator Pell's keen awareness of these special circumstances will, I am sure, contribute to an understanding of our common problems and thereby to the search for solutions.

I should like to start by a statement of the economic trends in the Commonwealth, and I have a summary here of the dramatic economic and social transformations that have taken place in Puerto Rico, and which I will skip, but you will find it in the regular statement.

I would like to say that one of the salient developments of the period was very rapid growth in higher education. It is fair to say that the people of Puerto Rico have viewed education in general and higher education in particular as a creed, a hope, an open sesame to the professions and Government service, a springboard of upward mobility.

As table 1 shows, expenditures for education have consistently taken 27 percent or more of the Commonwealth budget.

We have had a very rapid increase in our school population. The University of Puerto Rico system is today one of the largest in the hemisphere; and considering the population of the island, which is roughly 3 million, and that per capita income is still well below that of the lowest income State of the union, we have a high ratio of students in higher education to total population.

I would like to state that in 1950 the university was able to devote only $374,000 to scholarships and other kinds of student aid and could help only 1,200 students. By 1960, however, the figure had risen to $1.5 million which benefited more than 4,000 students.

In the latter part of the 1960's, we began to receive Federal assistance. So by 1970, with $4.8 million of Commonwealth funds and $600,000 in Federal funds, the university was able to assist more than 10,000 students.

It is precisely during this period of economic stress that we are now facing that we are in Puerto Rico suffering, as is well known, the impact of this recession; and since the university receives a stated percentage of Commonwealth government revenues, its basic resources decline if government revenues decline.

So the basic educational opportunity grants (BEOG) program has come just in time to divert the crisis.

The figures I give in table II will tell part of the story.

In 1973-74, the Commonwealth legislature found it impossible to increase appropriations for student assistance. But with the help of the first allocation of BEOG funds, the university was able to increase student aid. In this fiscal year, primarily because of the BEOG program, the increase in student assistance was even more dramatic.

One of the big problems we have had to contend with is making it possible to stay in the university once they enter. Up to now, the

BEOG program has provided assistance to first- and second-year students. It is my understanding that in the next academic year BEOG's will be available to third-year undergraduates and to halftime as well as full-time students. This is most encouraging. I certainly give it my fullest support.

Now, I should like to conclude my remarks, Mr. Chairman, by saying that we at the university have taken note of H.R. 3471, the student aid measure introduced by Chairman O'Hara of the Subcommittee on Postsecondary Education, and of various reports and studies such as the one recently completed by the National Task Force on Student Aid Programs, of which my good friend, Francis Keppel, former U.S. Education Commissioner, is chairman.

We think that the basic thrust of this bill and of these various studies points toward a BEOG approach. Certainly the underlying philosophy of the BEOG program has turned out to be valid for us, and this is what I wanted to make quite clear to the committee, and we hope that the program can be continued, strengthened, expanded, and streamlined in the future.

I would like in this connection to make the following recommendations to the committee.

The BEOG program should be the preferred Federal program and should be extended to the fourth year undergraduate students, if possible, and eventually to graduate students, including halftime students.

The Congress, HEW, the institutions of higher learning, and the various organizations concerned with postsecondary education should strive to establish a common form for data collection and applications as soon as possible.

The formulae for the determination of financial need should be streamlined and standardized as much as possible.

Provision should be made for increasing minimum and maximum awards in keeping with reasonable, real cost of education limits.

For institutions with many thousands of BEOG students, such as the University of Puerto Rico, there should be provision for a modest amount of overhead—perhaps 3 percent.

We have had a tremendous amount of paperwork this year, because in Puerto Rico only lawyers can be notaries. This is a very special situation in our Commonwealth, and their charges are high.

The initial certification of an application for assistance should be sufficient for a student continuing in the institution of original admission.

These are the basic recommendations I make, and probably I am 1 minute short of the allotted time, but I am available for any further questions.

Thank you.

Senator PELL. Part of the problem, as I understand it, is that these applications must be attested to by a lawyer or notary public. This is because the student has to swear to the statement so that they can be pursued for perjury if they told a mistruth under oath. But if the student merely affirms the statement, I am not sure legally whether he is then committing perjury.

Mr. CARRION. Yes. This is one particular problem which has really given us some trouble, because we have to get lawayers to notarize it, while here in the States you just walk into a drugstore, and you can get a public notary, and this is one of the problems that we are trying to see about solving.

We have had to hire lawyers sometimes to do this particular job of taking the oath.

Senator **Pell**. The American College Testing Service which operates the basic grant program under contract with the Office of Education, urged the subcommittee, and through it, the Office of Education, to set up special means by which Spanish-speaking youngsters could take a greater part in the basic grant program. They also suggested the setting up of a field office in Puerto Rico. What is your reaction to those suggestions?

Mr. **Carrion**. Well, we have been trying to see if we can get a standard application in Spanish, which would help our students. We feel that it is one of the means to increase the effectiveness of a program, and we have been in touch with HEW on this particular subject.

Senator **Pell**. You would be supportive of it?

Mr. **Carrion**. I think it would be useful.

Senator **Pell**. There has been a good deal of discussion about the cost of administering the basic grant.

You mentioned the figure 3 percent.

Mr. **Carrion**. That is right.

Senator **Pell**. Do you think any administrative payment should be on the basis of a percentage, or do you think it should be on the basis of a fixed amount per grant on the basic grants?

Mr. **Carrion**. Well, I think we would favor a percentage. We would favor a percentage.

The problem is that this year we had a tremendous increase in the basic grants, as I mentioned, and that has involved a great amount of paperwork, and the resources we have had have been strained precisely at the time when we are suffering a decline in our revenues.

Senator **Pell**. But the amount of paperwork involved is the same whether the grant is for a small amount or a large amount. I would think you would want it on a flat rate, rather than a percentage basis.

Mr. **Carrion**. Well, as long as we get some kind of additional aid, we have supported the percentage rate because there are some problems which allow a certain fixed amount, as you know.

We are not too completely sold on one formula, but I would like just to state the need for universities to have some additional support in handling the administrative aspects of the program.

Senator **Pell**. Do you think that the Basic Education Opportunity Grant Programs should be run on a State basis.

In other words, you should run the basic grants from Puerto Rico, rather than from Washington?

Mr. **Carrion**. Yes, sir. I would go for that.

Senator **Pell**. What do you think of the idea of dropping the half cost provision in the basic grant?

Mr. **Carrion**. I beg your pardon?

Senator **Pell**. The present provision, as you know, is that the grant can never be more than half the cost of education.

Mr. **Carrion**. Yes.

Senator PELL. And there has been quite a bit of testimony about whether or not we should drop that provision. What would be your reaction?

Mr. CARRION. Well, the grant that we have received this year has been very helpful to the students. We are very concerned with the lowering of the amount per student.

As you will note in our table, table III, 74.4 of all recipients came from families with annual income of less than $6,000. So any help that we can get in preserving something close to the actual amount would be of great assistance to our students.

Senator PELL. Do you have any private universities and colleges in Puerto Rico, too?

Mr. CARRION. Yes, sir. We have a number of private universities and colleges.

As a matter of fact, I mentioned them in my statement, in my oral summary, but you will find that they have been greatly assisted, greatly helped by this program.

Senator PELL. What percentage of Puerto Rican citizens go to private as opposed to public institutions for higher education?

Mr. CARRION. The academic year that has just ended, we had nearly 97,000 students in our whole higher education system, with 52,400 in the public educational system, and the rest in private educational system.

So they have a very high percentage of the total student body.

Senator PELL. Could you repeat that percentage? I missed it.

Mr. CARRION. We have 97,000 students, in round figures, in the academic year that has just ended; 52,400 were in the public higher education system, and the rest were in the private system.

So that their percentage has been increasing over the years. The university has around 56 percent. They have about 34 percent. This percentage has been increasing over the years.

So they are also aided by this program. It has been a very significant and helpful program for the stability of the private educational system in Puerto Rico.

Senator PELL. I thank you very much, Dr. Carrion, for your testimony, which will be very helpful indeed.

Mr. CARRION. Thank you very much, Mr. Chairman, for your kindness, and I will be willing to provide the subcommittee with any further information. But you will find a lot more facts in here. I just tried to summarize as best I could.

Senator PELL. Thank you very much, and I appreciate the analogies with Rhode Island very much indeed.

Mr. CARRION. Thank you, sir.

[The prepared statement of Mr. Carrion follows:]

Statement of Arturo Morales-Carrion, President, University of Puerto Rico, before the Subcommittee on Education of the Committee on Labor and Public Welfare, United States Senate, Washington, D. C. - June 12, 1975

Mr. Chairman and distinguished members of the Subcommittee on Education:

I appreciate very much having this opportunity to participate in your review and evaluation of the student aid programs initiated under the Education Amendments of 1972.

Let me say that I consider it propitious for this Subcommittee to have Senator Pell of Rhode Island as its Chairman. The Commonwealth of Puerto Rico is about three times the size of Rhode Island geographically speaking, and about three times as large demographically speaking. So we have in common a very high population density which makes us feel acutely the impact of the recession. We also have in common a singular lack of petroleum resources, at least for the moment; therefore, we are both suffering from inflation and especially from the sharp rise in the price of the imported petroleum on which our economies depend. Senator Pell's keen awareness of these special circumstances will, I am sure, contribute to an understanding of our common problems and thereby to the search for solutions.

A Quarter Century of Growth

I would like to begin my statement by giving you a very brief review of economic trends in the Commonwealth of Puerto Rico and the concurrent developments in higher education in the Island.

During the past 25 years Puerto Rico has experienced dramatic economic and social transformations. Table I attached to my statement gives a series of statistical indicators reflecting those changes. I will not discuss them in detail but I would like to refer to a few key figures.

As a result of the government's effort to promote industrialization as an instrument of social and economic advancement, Puerto Rico's gross product in terms of constant dollars rose from the level of $1.2 billion in 1950 to the level of $4.8 billion in 1974. The growth of manufacturing was the catalyst for economic growth. Per capita net income, which averaged $279 in 1950, reached $1,900 in 1974.

During the period, Puerto Rico's population increased and hence the labor force increased. Many thousands of workers found employment in new factories and this employment stimulated the creation of thousands of other new jobs in construction, commerce, services and other sectors. At the same time, many thousands of low-paying jobs, such as home needlework, and manual work in the agricultural sector, disappeared. There was a trade-off, so to speak, between higher income jobs and low income jobs. In spite of all efforts, however, unemployment continued to be relatively high by Stateside criteria. During the period it hovered between 10 and 12 percent of the labor force. Lately it has been rising sharply.

Growth in Higher Education

One of the salient developments of the period was very rapid growth in higher education. It is fair to say that the people of Puerto Rico have viewed education in general and higher education in particular as a creed, a hope, an open sesame to the professions and government service, a springboard of upward mobility. As Table I shows, expenditures for education have consistently taken 27 percent or more of the Commonwealth budget.

As income increased, Puerto Rico channeled steadily increasing sums into its higher education system. In 1950, the University of Puerto Rico had 11,000 students at two campuses and a bare handful of private institutions had a few thousand in all. This year, the total enrollment in higher education reached 97,000. Over 52,000 students were in the public university system spread among three major campuses and seven smaller campuses. The University of Puerto Rico System today is one of the largest in the hemisphere. And considering that Puerto Rico's population is roughly 3 million and that per capita income is still well below that of the lowest income state of the Union, we have a high ratio of students in higher education to total population.

Student Assistance

We have as an official objective and a guiding principle in the University of Puerto Rico equality of opportunity. We are far from being able to offer universal access, but one point I wish to stress in this brief summary of economic and educational trends is that, as income has risen, the Commonwealth Legislature has steadily increased the sums available for student assistance. At the same time, because of our relatively lower family income levels, the Council on Higher Education, which is the policy making body of the University System, has kept tuition fees and other charges within reason. In fact, the University of Puerto Rico has one of the lowest tuition rates of all U. S. Land Grant institutions.

In 1950, as you will see in Table II, the University was able to devote only $374,000 to scholarships and other kinds of student aid and could help only 1,200 students. By 1960, however, the figure had risen to $1.5 million which benefited more than 4,000 students. In the latter part of the 1960's we began to receive Federal assistance. So, by 1970, with $4.8 million of Commonwealth funds and $600,000 in Federal funds, the University was able to assist more than 10,000 students. In the past few years the Federal component has assumed increasing importance and this brings me to our present situation.

The Economic Crisis

Partly as a result of the world-wide inflation which began to develop in the early 70's, and particularly because of the sharp rise in petroleum prices which began in 1973 and the recession in the States which hit soon after, Puerto Rico has been coping with a critical economic problem. The petroleum price problem is especially difficult because our energy system is almost totally dependent on high cost petroleum imported from Venezuela and the Middle East. The recession, in turn, has slowed down the flow of investment into new industrial enterprises and has caused some plants established in prior years to close down temporarily and other to go out of business entirely. As in the States, our construction industry, especially the home building industry, has been very hard hit. As a consequence of all these developments, the unemployment rate of 10 to 12 percent that I referred to earlier in my remarks has been edging up month by month for the past year or so and is now around 17 percent. Since the University receives a stated percentage of Commonwealth Government revenues, its basic resources decline if government revenues decline.

This would not be so serious, perhaps, if, like some of the universities in the States, we were experiencing a decline in demand for higher education. But that is not our situation. We have a greater proportion of young people in our population than most States. At the start of this academic year, for example, of some 18,000 applicants who were fully qualified, we could enroll only about 11,000. Moreover, the vast majority of the student body needs economic assistance of some kind and this was the case with most of the entering students. It was in this year that the program of Basic Educational Opportunity Grants (BEOGs) came just in time to avert a crisis.

BEOG Program

The figures in Table II tell part of the story. In 1973-74 the Commonwealth Legislature found it impossible to increase appropriations for student assistance. But with the help of the first allocation of BEOG funds, the University was able to increase student aid. In this fiscal year, primarily because of the BEOG program, the increase in student assistance was even more dramatic.

As I said, the vast majority of our students need some kind of financial assistance. Table III spells this out in some detail. Of 11,700 students receiving BEOGs this year, roughly 8,700 or more than 74 percent, came from families with incomes below $6,000 a year.

One of the big problems we have to contend with is making it possible for students to stay in the University once they enter. Up to now the BEOG program has provided assistance to first and second uear students. It is my understanding that in the next academic year BEOGs will be available to third year undergraduates and to half-time as well as full-time students. This is most encouraging.

So, after this year's experience, and taking into account our projections for the future, I feel that the BEOG program is a real success story as far as Puerto Rico is concerned. I take the view -- a view shared by my associates in the University administration -- that the program is the most practical and helpful of the various Federal programs of undergraduate student assistance. I think I can say that this is true not only for the University of Puerto Rico but for the private institutions of higher learning in the Island. Inevitably, they feel the impact of precisely the same economic factors that affect us.

Conclusion

To conclude these remarks, Mr. Chairman and members of the Subcommittee, I wish to say that we at the University have taken note of H. R. 3471, the student aid measure introduced by Chairman O'Hara of the Subcommittee on Postsecondary Education, and of various reports and studies such as the one recently completed by the National Task Force on Student Aid Problems, of which my good friend, Francis Keppel, former U. S. Education Commissioner, is Chairman.

It seems to us that the basic thrust of the O'Hara bill and of these various studies points toward a BEOG approach. Certainly the underlying philosophy of the BEOG program has turned out to be valid for us. Therefore, we hope that the program can be continued, strengthened, expanded and streamlined in the future.

Since the technical problems are under strong attack I feel it is unnecessary to go into any time-consuming discussion and so I would like to make these specific recommendations:

1. The BEOG program should be the preferred Federal program and should be extended to fourth year undergraduate students and eventually to graduate students, including half-time students.
2. The Congress, HEW, the institutions of higher learning and the various organizations concerned with postsecondary education should strive to establish a common form for data collection and applications as soon as possible.
3. The formulae for the determination of financial need should be streamlined and standardized to the greatest extent possible.
4. Provision should be made for increasing minimum and maximum awards in keeping with reasonable, real cost of education limits.
5. For institutions with many thousands of BEOG students, such as the University of Puerto Rico, there should be provision for a modest amount of overhead -- perhaps three percent.
6. Because in Puerto Rico only lawyers can be notaries

and their charges are high, the initial certification of an application for assistance should be sufficient for a student continuing in the institution of original admission.

TABLE I

PUERTO RICO
SELECTED INDICATORS
OF
ECONOMIC AND SOCIAL DEVELOPMENT

	1950	1960	1970	1974
GROSS PRODUCT Millions $ (1967 Prices)	1,249	2,076	4,037	4,824
NET INCOME PER CAPITA - $	279	582	1,417	1,913
MANUFACTURING NET INCOME - Millions $	89	289	955	1,830
LABOR FORCE (ADD 000)	684	641	765	884
EMPLOYMENT (ADD 000)	596	565	686	775
EMPLOYMENT - MFRG (ADD 000)	55	93	133	147
UNEMPLOYMENT - % OF LABOR FORCE	12.9	11.8	10.3	12.3
EXPORTS - Millions $	235	622	1,779	3,217
IMPORTS - Millions $	344	915	2,556	4,261
COMMERCIAL BANK DEPOSITS Millions $	241	531	2,947	4,136
SAVINGS AND LOAN ASSNS. SAVINGS Millions $	None	61	296	610
TELEPHONES (ADD 000)	35	83	306	406
ELECTRIC CONSUMPTION Million KWH	412	1,667	6,495	10,578

	1950	1960	1970	1974
COMMONWEALTH GOVT RECURRENT RECEIPTS Millions $	109	252	823	1,264
INCOME TAXES - Millions $	28	63	250	461
FEDERAL GRANTS - Millions $	7	27	142	272
EXPENDITURES Millions $	84	274	863	1,499
EDUCATION - % OF TOTAL EXPENDITURES	27	29	33	27
HEALTH/WELFARE - % OF TOTAL EXPENDITURES	24	25	20	19
SCHOOL ENROLLMENT PRIMARY/SECONDARY (ADD 000)	431	567	672	720
UPR (ADD 000)	11	18	38	50
PRIVATE POST-SECONDARY (ADD 000)	3	6	19	38
TEACHERS (ADD 000)	9	13	22	25
POPULATION - Millions	2.2	2.4	2.7	3.0
LIFE EXPECTANCY -YEARS	61	69	70	72
NET MIGRATION (ADD 000)	-34	-24	-44	+36

Sources: Puerto Rico Planning Board
Puerto Rico Department of the Treasury

TABLE II

UNIVERSITY OF PUERTO RICO
STUDENT ASSISTANCE GRANTS

Year	Commonwealth Legislature-Grants	Federal Grants	Total	Students Assisted
1950-51	$ 374,000	$	374,000	1,269
1960-61	1,934,000		1,934,000	4,939
1970-71	4,800,000	600,000	5,400,000	10,252
1971-72	4,800,000	808,000	5,600,000	10,651
1972-73	6,900,000	2,100,000	9,000,000	15,144
1973-74	6,850,000	4,960,000	11,810,000	17,559
1974-75	6,900,000	14,890,000	21,790,000	31,190

TABLE III

A

BEOG ASSISTANCE
UNIVERSITY OF PUERTO RICO

NUMBER OF RECIPIENTS AND AMOUNT RECEIVED BY INCOME GROUP
1974-75

Annual Family Income	Total Students	Total Awards
$ 0 - 2,999 1/	4,694	$ 3,770,000
3,000 - 4,499 1/	2,550	2,398,000
4,500 - 5,999 1/	1,447	1,321,000
6,000 - 8,999 2/	1,897	1,651,000
9,000	1,116	681,000
TOTALS	11,704	9,822,000

1/ 8,691, or 74.4% of all recipients, came from families with annual incomes of $5,999 or less.

2/ 1,897, or 16.3% of all recipients, came from families with annual incomes of $6,000 to $8,999.

TABLE III
B
APPLICATIONS AND ADMISSIONS
UNIVERSITY OF PUERTO RICO
1974-75

QUALIFIED APPLICANTS	NUMBER	%
From Public Schools	14,047	77.9
From Private Schools	3,904	21.6
Other	83	0.5
TOTAL	18,034	100.0
ENROLLED		
From Public Schools	8,961	80.1
From Private Schools	2,099	18,8
Other	119	1.1

Senator **Pell**. The next witness is Dr. James S. Smoot, vice chancellor for universitywide services and special programs, State University of New York.

I know that Senator Javits would very much like to be here, and greet you. He will be coming by as soon as he can, but in any case, he asked to welcome you to the subcommittee.

STATEMENT OF JAMES S. SMOOT, VICE CHANCELLOR FOR UNIVERSITYWIDE SERVICES AND SPECIAL PROGRAMS, STATE UNIVERSITY OF NEW YORK

Mr. **Smoot**. Thank you very much, Mr. Chairman.

I am James S. Smoot, vice chancellor for universitywide services and special programs, State University of New York.

I am grateful for the opportunity to appear on behalf of the educational opportunity centers, the BEOG program and related opportunity programs.

Both our own Senator Javits and you, Mr. Chairman, are responsible for much of the legislation providing access to postsecondary opportunities for minorities and other disadvantaged groups.

I wish to present at this time excerpts from my prepared statement, which has been distributed along with a few other supplementary points. I request that the full statement be entered into the hearing record.

For those of you who are not familiar with the State university, it is composed of 72 colleges including 14 colleges of arts and science, 2 health sciences centers, 6 agricultural and technical colleges, 4 university centers, 5 statutory colleges located at private universities, 38 locally sponsored community colleges, and 10 educational opportunity centers.

The State university enrolls over 400,000 students, 11,000 of whom are enrolled in educational opportunity centers (EOC's), about 60 percent of whom are members of minority groups.

During 1973–74 the EOC's placed 1100 students in jobs, 800 in college, and graduated 500 with GED certificates.

Serving primarily the age range 24 to 44, the 10 EOC's are currently offering 100 day courses, and about 50 evening courses. Two EOC's in New York City participate in the federally-sponsored EOC program, and three EOC's participate in CETA-sponsored training. All of the EOC's have sought and received VEA funding for vocational courses. One EOC is experimenting with a mobile counseling van and a mobile classroom. Other details that I might mention will appear in materials that will be left with the staff for reference.

Our experience in the State University of New York shows the merit of continuing support for the EOC and TRIO programs now in the legislation, and the value of additional effort.

Talent Search, Upward Bound, Special Services for the Disadvantaged, and the more recent educational opportunity centers are laudable actions to identify precollege youth with underdeveloped but potentially high academic talent, and to support them through completion of secondary school, and during college enrollment.

The need for continuation of these special services is evident:

The high school dropout rate for low-income students averages 50 percent, effectively foreclosing economic opportunity in an increasingly technical society;

College enrollment of those low-income students who complete high school still is disproportionately low;

Minority students are particularly underrepresented in postsecondary education, a disproportion that increases at the upper division and graduate levels where lack of financial aid effectively prevents the preparation of minority professionals at a time of great need for them.

Continued Federal support of postsecondary education for disadvantaged groups makes fiscal as well as social sense:

It costs more to provide public support of persons who cannot earn a place in the socioeconomic system than it does to educate those persons to a level of self-sustainment.

Institutions need help to provide the essential technical services needed by disadvantaged students, without which these students will quickly exit through the revolving door, effectively waste the investment that they represent in human resources.

The special opportunity programs are graduating thousands of previously disadvantaged students who, having special competence and commitment, will help the country solve problems of the economically and educationally disadvantaged when they return to meaningful employment after their college study.

These findings lead me to a very firm belief that the Federal Government should increase its effort to equalize access and expand postsecondary educational opportunity for disadvantaged citizens by the following actions:

Recommendation No. 1: Increase support of educational opportunity centers to bring their services within easy access of citizens in poverty areas.

Like the extension centers of the land-grant colleges, the EOC's can help the traditionally bypassed disadvantaged population aid themselves through education.

Recommendation No. 2: Identify talented disadvantaged youth at an early age through an early talent search, and support them through an expanded upward bound program.

A large percentage of students enrolled in the EOC's had above average academic potential when they were in high school, but they dropped out or were pushed out. They still maintain interest in education and seek out help.

Recommendation No. 3: Increase the authorization and appropriation for the TRIO programs.

Recommendation No. 4: Earmark a portion of Federal funds for GED programs in the educational opportunity centers, where adults obtain more appropriate education than they receive in school-based GED programs.

Recommendation No. 5: Make the BEOG into a true entitlement program for revising the language that provides for less than full funding. Its maximum award—not yet achieved—should be considered a floor rather than a ceiling, and its application/award process should be simplified.

BEOG must be made into a program that needy students can count on.

Finally, other programs that aid the disadvantaged warrant support, in addition to expanding the title IV program.

I recommend funding to do the following: Provide special educational grants to persons who have special qualifications for, and make a firm commitment to, undertaking public service careers among the urban/rural poor, the bilingual, and the racial and ethnic minority groups.

Increase the financing of bilingual learning at all levels of education: School programs for children, and EOC programs for adults.

Support the expansion of multiethnic, multiheritage, multicultural studies and projects in schools and colleges to counter separatist tendencies and foster a healthy pluralism that can bring integrated living.

Continue adequate funding for veterans education.

Increase support of title III, developing institutions program, so that counseling, tutorial, and other retention services may be provided, and alternative approach to teaching disadvantaged students may be developed by those colleges which have demonstrated ability and commitment to educate disadvantaged students.

Improve institutional administration of financial aid, including the provision of assistance to students who are filing for aid.

Increase the support of child development programs.

Make it possible for welfare support to be continued for students who undertake college study that may be regarded as non-vocational in nature.

The present arrangement allows such funding only for vocational programs.

I trust that my call for increased commitment and support has not obscured the fact that I believe that gratifying changes in the direction of comprehensive postsecondary education are resulting from federally funded programs.

We have the answers. We must continue to apply them with vigor and with adequate funding.

Again I express appreciation for this opportunity to present these views, and I will be glad to respond to any questions the chairman may have.

Thank you.

Senator PELL. Thank you very much indeed, Dr. Smoot.

Is there any way that you can see of simplifying the basic grant mechanism? One thought is that you have one application covering all student assistance. Do you have any other suggestions?

Mr. SMOOT. That is the direction of the changes that we would like to make.

The one that I referred to—changing the legislative language so that the full grant might be made—we would stringly advocate.

A simplification of the application process and the form itself would certainly be a move in the right direction.

Senator PELL. Do you think the present form is too complicated?

Mr. SMOOT. Yes, I do. As a parent of a freshman I have had to struggle with some of the form's bureaucratic language, decode the complex assets test, and so on. I would say, that the form can be simplified and the process of applying made much simpler.

The students in many cases, do not apply, or do not complete the application process, because of the complications and, as the preceding speaker pointed out, obtaining assistance at the campus level just is not possible. There is need for more support of the administration of the Federal aid.

Senator PELL. I agree with you.

I tried to fill one out, to see if I understood it. I found it very difficult to do.

As far as the limitations go, some thought is being given to excluding home equity of up to $25,000, and $10,000 for savings, which might open up the access a little more. I am not sure it would simplify the form.

Mr. SMOOT. Yes, but I think to make those moves regarding the assets would be desirable.

Senator PELL. Again, there is the question of where it is desirable.

As the representative from the Spanish-speaking citizens pointed out yesterday, in his part of the country virtually none of the parents would have assets of anywhere near that value. This would also apply in parts of New York as well.

So it is a tough question.

Mr. SMOOT. Yes.

Senator PELL. There has been a good deal of discussion of dropping the half-cost limitation.

What would be your view on that?

Mr. SMOOT. Drop it.

Senator PELL. Drop it?

Mr. SMOOT. Yes, sir.

Senator PELL. In other words, making it the bottom brick to access and then having the other programs build on top of it?

Mr. SMOOT. Yes; that is our position.

Senator PELL. I think this seems to be a pretty general view in the education community now, is it not?

Mr. SMOOT. There is some opposition to it, and I am afraid I am not, amply, a technician on financial aid to understand some of those objections.

I suppose the limited dollars makes it necessary to keep options open on the ultimate grant, but I must say that great confusion exists among families when the students cannot predict in advance what their entitlement really translates into.

The New York State TAP program, which is quite similar, makes a firm commitment with some—we hope, continuing—legislative action to provide additional money when what is appropriated annually proves not to be sufficient. The students knows his entitlement and knows the amount he is going to be awarded.

Senator PELL. What do you think we do as time goes on—and I hope to see these grants increase in size—when the basic grant is $2,000 and a youngster could go to a neighborhood community college with open access, and the total cost of education is $1,500? Then should he be able to procket the balance of $500? How would one handle that?

Mr. SMOOT. No. I think the cost of education should always set the parameter. I did not mean that an automatic entitlement would be paid regardless of cost. The cost of education would set that parameter.

Senator PELL. Thank you.

The Senator from Maine.

Senator HATHAWAY. Thank you very much, Mr. Chairman.

I do not have any questions. I was just in the process of finishing up the reading of the statement.

I am sorry I was late.

I agree with the statements that you have made, and I thank you. Mr. Smoot.

Senator PELL. Thank you very much indeed for being with us.

Mr. SMOOT. My pleasure. Thank you for all you are doing for disadvantaged people.

Senator PELL. Thank you.

[The prepared statement of Mr. Smoot follows:]

STATEMENT BY

JAMES S. SMOOT
VICE CHANCELLOR FOR
UNIVERSITY-WIDE SERVICES AND
SPECIAL PROGRAMS
STATE UNIVERSITY OF NEW YORK

before the

SUBCOMMITTEE ON EDUCATION
of the
SENATE COMMITTEE ON LABOR AND PUBLIC WELFARE

THURSDAY, JUNE 12, 1975

Mr. Chairman and members of the Subcommittee, I am James S. Smoot, Vice Chancellor for University-Wide Services and Special Programs, State University of New York.

I am grateful for the opportunity to contribute to the work of this Subcommittee. Both our own Senator Javits and the chairman Senator Pell are responsible for much of the legislation providing access to postsecondary opportunities for the disadvantaged. It is a pleasure for me to talk today about expanding those opportunities as well as to discuss the Educational Opportunity Centers program.

For those of you who are not familiar with the State University, it is composed of 72 colleges including 14 colleges of arts and science, 2 health sciences centers, 6 agricultural and technical colleges, [illegible] university centers, 5 statuatory colleges located at private universities, 38 locally sponsored community colleges, and 10 Educational Opportunity Centers.

The State University enrolls over 400,000 students of which around 11,000 are enrolled in Educational Opportunity Centers (EOC's). Based on our experience, I am here to advocate not only continuation of support for the EOC and TRIO programs now in the legislation, but also to urge additional effort that may require legislative change.

The history of the Talent Search, Upward Bound, Special Services for the Disadvantaged, and the more recent Educational Opportunity Centers records laudable intentions to identify precollege youth with undeveloped, but potentially high academic talent, and support them sufficiently not only through completion of secondary school, but during college enrollment. Support includes remedial study, counseling, career guidance, and related services. The need for continuation of these special services is evident:

- -- The high school dropout rate for low-income students averages fifty percent, effectively foreclosing economic opportunity in an increasingly technical society;
- -- College enrollment of low income students who complete high school is disproportionately low, in spite of increased numbers of community colleges and some increase in available financial aid;
- -- Minority students also are disproportionately represented in postsecondary education, a disproportion that increases at the upper division and graduate levels--in spite of "opportunity programs"--effectively preventing the preparation of minority professionals at a time of great need for them.

Continued federal support of postsecondary education of disadvantaged groups makes fiscal as well as social sense:

- -- It costs more to provide public support of persons who cannot earn a place in the socioeconomic system, than it does to educate those persons to a level of self-sustainment;
- -- Institutions face cost increases that make it impossible for them to continue some of the essential technical services needed by disadvantaged students, thus speeding their exit through the revolving door and effectively wasting the investment that they represent in human resources.

The federal government should increase its effort to equalize access and expand postsecondary educational opportunity for disadvantaged citizens by the following actions:

1. Expand the educational opportunity center programs:
   - -- They should be separate and free-standing where population concentration warrants but can be cooperatively operated by schools and colleges where population is scattered, using mobile units. Our experience shows the validity and value of taking programs to the people.
   - -- Authorize contractual arrangements for pre-college instructional programs, where available, rather than incorporate them into the EOC program itself;
   - -- Expand their career guidance and postsecondary education referral services;
   - -- Provide to EOC administrative personnel increased technical assistance including guidance on performance objectives and pre-audit management;
   - -- Authorize pre-admission skills preparation, where receiving institutions cannot provide it, including generic occupational training.
2. Reach disadvantaged students at an early age and involve their families. A significant proportion of students enrolled in State University's educational opportunity programs--some identified and referred through outreach efforts of Talent Search and the EOCs--had above-average academic ability or potential when in high school, but had dropped out or been pushed out. We need an early Talent Search and Upward Bound program to identify and support such students not only while they are in the early grades--even in Head Start--but to support them throughout school into college.
   - -- Involvement of the entire family should be a feature, through a Family Learning Incentive Program. The Family Education Project

at the Educational Opportunity Center-Brooklyn arranges for involvement in cultural events and family outings as well as all-member enrollment in some educational programs.

3. Increase the authorization and appropriation for the TRIO programs. The degree of "commitment" to equal access must be questioned in view of the underfunding that characterizes these programs. An appropriation of $70 million on an already minimal authorization of $100 million hardly suggests enthusiastic support. In contrast, New York state currently budgets approximately $56 million in support of its on-campus Educational Opportunity Programs (EOP's) and Educational Opportunity Centers (EOC's).

I also wish to voice a few special views on the Basic Educational Opportunity Grant program. First, the program provides a foundation on which to build the universal free thirteenth and fourteenth year education that's warranted by today's technologically demanding socioeconomic situation. Second, the maximum award--not yet achieved--should be considered a floor, rather than a ceiling, on which supplementary financial aid would be based. Third, efforts to simplify the application/award process should be intensified. This latter point--which has been discussed by others--requires some elaboration.

The concept of this program would appear to be beyond reproach: It is an entitlement program that guarantees the financial assistance base for students with high demonstrated need. But built into the authorizing language is provision for reducing awards for less than full funding. Given the appropriations timetable, this inevitably means delays in making firm award commitments. The chaotic environment in which this program has operated over the past two years may be attributed in part to the appropriation process.

The very fact that the maximum award has now been set at the authorized level of $1400 for 1975-76 owes more to this chaos than to any deliberate action on the part of Congress or the Administration.

We in New York have made a firm commitment to an entitlement program, the Tuition Assistance Program, which we fully support. There is no language in the legislation for this program which anticipates less than full funding of this commitment. It is quite simple, well in advance of any given academic year, for a student and his family to precisely predict the amount of his award under the TAP program. Not only is the "need analysis" formula easy to understand, but more important, the amount of the award justified by this formula is guaranteed. An appropriation is provided each year for the anticipated cost of this program. Should this appropriation, as occasionally happens, be short of the ultimate demand on the program, a supplemental appropriation is provided. In short, New York does not tell a potential student that he may expect a certain amount toward his educational costs and then leave the assignment of announcing a lesser amount to a harassed financial aid officer.

BEOG is of prime importance if the disadvantaged are to succeed in postsecondary education, and it must be made a program on which these students can count. The Basic Grant program cannot be considered an entitlement program, in the sense that we understand that term in New York State, until the language providing for reductions in awards for less than full funding is removed from the legislation.

While my suggestions have dealt primarily with EOC, TRIO and the Basic Educational Opportunity Grants Programs, there are numerous other programs at all educational levels which are important to disadvantaged students.

It is crucial that broad support for equal opportunity be continued, and in addition to expanding the Title IV Programs we should:

- -- Provide special support to paraprofessionals who have been recently turned on to education and need continuing financial support. This might take the form of special educational grants or loans to prepare students for public service careers amoung the urban/rural poor, the bilingual, and the racial and ethnic minority groups.
- -- Increase the financing of bilingual learning at all levels of education.
- -- Fund the expansion of campus multi-ethnic, multi-heritage, multicultural studies and projects.
- -- Continue adequate funding for veterans education.
- -- Increase support to the Title III, Developing Institutions Program so that counseling, tutorial, and other retention services may be provided and alternative approaches to teaching disadvantaged may be developed.
- -- Provide funds to improve institutional administration of financial aid, including the provision of assistance to students who are filing for aid.
- -- Increase the support of child development programs.

I trust that these calls for increased commitment and support will not obscure the fact that gratifying changes in the direction of comprehensive postsecondary education have resulted from federally funded programs during the past decade. We have the answers; we must apply them with vigor. Again I express appreciation for this opportunity to present these views concerning federal programs to provide postsecondary education for the disadvantaged, and I would be glad to respond to any questions the Committee may have.

Senator PELL. Our final witness this morning is Dr. Francis Keppel, who is once again coming back to Washington to give us some of his wisdom from the perspective of having been here, and now having been away for a while.

Mr. KEPPEL. Senator, may I ask two of my colleagues to join me?

Senator PELL. Please.

If you would introduce them, please.

STATEMENT OF FRANCIS KEPPEL, CHAIRMAN, NATIONAL TASK FORCE ON STUDENT AID PROBLEMS: ACCOMPANIED BY DOUGLAS DICKSON, REGISTRAR, UNIVERSITY OF PENNSYLVANIA; AND WILLIAM VAN DUSEN, STAFF DIRECTOR OF THE TASK FORCE

Mr. KEPPEL. Senator, I would like to introduce Douglas Dickson, the Registrar of the University of Pennsylvania on my left, and William Van Dusen, the staff Director of the Task Force on my right.

Senator, I hope there has been presented to you a copy of my prepared testimony.

Senator PELL. Yes.

Mr. KEPPEL. If it is convenient to you, I think it could save some time if I pointed to certain places on the pages.

Senator PELL. I thank you very much indeed. It will be inserted in the record in full as attachment A.

Mr. KEPPEL. Thank you.

May I say just on a personal ground that it is a pleasure to be back in front of this committee, perhaps particularly now that I am not in Executive office.

About a year ago 26 educational associations and organizations formed the National Task Force on student aid problems. By design and agreement the task force did not involve itself, Mr. Chairman, with matters of public policy regarding student aid.

If I may use my own language for a moment, we were trying to produce nuts and bolts. We were trying to make the system work better.

For that reason I would like to emphasize that the task force does not come before you with its views on a number of policies which I know you and other members of the committee are concerned with. This is the nuts and bolts operation.

Basic to the functioning of our task force was the concept of a partnership of Federal, State, institutional, private, and student interests. We began from that point.

We could not help but note, by the way, the enormous growth of student financial aid since I left Washington. The figure is approaching, if you think about it, over $6 million. It is a very substantial growth in State activities as well.

The bottom paragraph of page 1 indicates that we have quite a substantial report, and we would appreciate it, and we suggest you might consider entering the full document into your records.

Senator PELL. Without objection, it will be entered as attachment B along with your prepared statement at the conclusion of your remarks.

Mr. KEPPEL. Thank you, sir.

On page 2, if I could draw your attention to the last half of it, we, of course, realize that the basic problem here was the problem of altering the calendar of activities so that the basic education opportunity grant program could begin processing applications by September 15 of the academic year, prior to the year in which the awards will be made.

We do believe there are certain technical changes that may be involved there, and the announcement of allocations to the States and the institutions from that series of alphabetical groups that you see there to be made by November 1 of the academic year, prior to which awards will be made.

We consider this is just technical, sir, but we do see some possibilities. My colleagues may be able to speak to that.

The report as a whole really hits on three issues.

The first is this organizational and management, and to make the BEOG's the base on which others build. That involves calendar coordination, timing.

The second, and I notice you have been asking prior witnesses with regard to a common form on which people can use, the task force has come forward with a proposal for a common form, and again, my colleagues will be glad to respond to that and to the extent that we are trying to field-test it, by the way.

The third is the question of the way in which you go about need analysis. These three major thrusts of this task force, we tried in the course of the years to come forward with specific recommendations. I call it organization and management procedures.

Second, a common form, so that the young men and the women and their families do not have to fill up half a dozen of them or a dozen of them. I am trying to get agreement on that.

By the way, 10 years ago I do remember an agreement. Out of the educational groups it is not always easy in my experience, but we got them. We got an agreement.

Third, this question of the way in which you go about need analysis which is Mr. Dickson's expertise, and he is fully prepared to answer to that. There are some technical changes, I must emphasize, Mr. Chairman, and policy changes, which we think may be helpful to bring about this coordination of forms and analysis.

It would appear that three issues need to be resolved in order to implement what we call the delivery system:

First, BEOG would need to move to a policy permitting more than one contractor to process information necessary to determine BEOG eligibility under standards and procedures appropriate to maintain the integrity of the program.

Second, since the calendar changes recommended by the task force would allow some families to submit applications prior to the time when their Federal income tax returns had been completed, provision would need to be made for verification of income data submitted as estimates, and

Third, collection and maintenance of the data on the prototype form by the basic grant program would need to be permitted under the Privacy Act.

We are not lawyers. We are simply advised that some of these present problems, and we will be glad to go into detail with members of your staff as to what those are.

I think I have covered what I will call the issues that we found of more technical character. I think I should end, if I may, bringing your attention to page 3 at the bottom.

Two areas of difficulty remain in the task force's considerations of the determination of ability to pay.

The Office of Education, as far as I know, sir, has not yet agreed that the results of the consensus methodology are acceptable for the administration of the campus-based Federal student aid program, and

Second, that the BEOG program appears to have considerations which make it impossible for the consensus methodology to be used in the determination of need for a basic grant.

This task force, sir, was born in May of 1974, and by prior agreement, died in May of 1975. It was an entirely private operation. It was funded entirely by private sources. It is now gone.

We have made recommendations to several of the private educational associations to carry on our work on their own. We are not capable of carrying out any more work.

Thank you.

Senator PELL. Thank you very much indeed.

Senator JAVITS. Mr. Chairman, may I have a minute?

I should have been here to introduce Mr. James Smoot. Unfortunately I was detained by a Health Subcommittee hearing which is still being held.

Senator PELL. I spoke of your interest when introducing Dr. Smoot.

Senator JAVITS. As Dr. Smoot is still here, I will just introduce him for the record. I will submit the remarks I was going to make in introducing him. Thank you, Mr. Chairman. I appreciate the Chair's indulgence.

Senator PELL. Without objection, I am delighted.

Senator JAVITS. I am pleased to introduce to the Education Subcommittee, Dr. James Smoot who will discuss the TRIO programs and the Educational Opportunity Centers (EOC).

Dr. Smoot is currently a vice chancellor of the State University of New York which is the largest public university in the Nation with over 400,000 students. He is charged with responsibility for coordinating SUNY-wide activities in admissions, student aid, and a variety of special programs to prepare disadvantaged youth and adults for either employment or college. Active in community work, he currently serves on a statewide committee for expanding educational opportunity and is chairman of the board of trustees of the College of St. Rose. He has served on the boards of the local street academy in Albany, the New Jersey Education Consortium, and was a member of the New York State Council for the Humanities.

I understand that a central theme of much of the testimony on student aid before the subcommittee has stressed reduction of the complexity of this array of programs. Such complexity restricts access to the programs for those who need it most, thus defeating one of their basic purposes. I hope that educational opportunity centers are a major way to assist students in understanding the programs which can help them.

Dr. Smoot has broad and diverse experience as a student, teacher, and administrator, holding degrees from West Virginia State and University of Michigan. He has been a faculty member of West Virginia State, Allegheny College (Pa.), Morgan State (Md.), and SUNY, thus he is familiar with educational issues in a wide variety of States and institutions, large and small.

In 1966 he joined the central office of State University to coordinate developing programs of nondegree remedial education and occupational training. These programs, located in the SUNY urban centers prepared economically disadvantaged youth and adults for employment or admission to college. The urban centers were the model for the educational opportunity centers both State and federally sponsored.

The State of New York has been a leader in EOC concept and now has a very successful EOC operating in New York City. Yesterday's testimony included data on the needs of Spanish-speaking people for EOC services. I hope the committee will seriously consider expansion of this program and any revisions which Dr. Smoot may recommend.

Thank you, Mr. Chairman.

Senator PELL. Mr. Keppel, as I understand it, you have a suggested form that would meet the various Federal student assistance programs.

Would you submit a copy of that form that we could put into the record at this time?

Mr. KEPPEL. Yes, indeed, sir, we will.

[The form referred to is reproduced on pages 42–49 of the report.]

Senator PELL. We received almost universal statements in support for it from the witness before you. We did not put it in the record before because we did not want to take away the shine from your creation.

What reactions have you had to this form from the Office of Education?

Mr. KEPPEL. May I ask Mr. Van Dusen to respond, sir?

I know some of it, but I hestitate to pretend that I know it all.

Mr. Van Dusen.

Mr. VAN DUSEN. Thank you.

The Office of Education was involved throughout the development of this form, during the course of the year, and a number of items which appear or do not appear in the form have those characteristics because of their concern.

We wind up with the issue of privacy being their apparently present main concern. The Office of Education Counsel appears to be interpreting the Privacy Act very strictly, and saying that only those items literally necessary for the determination of basic grant eligibility may be collected and maintained by the basic grant program.

The task force position is that the basic grant is part of an entire constellation of student aid, Federal student aid and that the items under dispute are necessary for the administration of the other Federal programs.

We have reached an impasse where there is argument one and argument two. This, I believe, is the major concern that they have at this point.

Senator **Pell**. Is your form, would you say, a little more or a little less complicated, or a little simpler than the present basic opportunity grant form?

Mr. **Van Dusen**. It does include more items than the present basic grant form finds necessary.

Senator **Pell**. Then that is not very simple, because I must say, I found, as Dr. Smoot did too, the present basic grant form requires, maybe not an Einstein to fill it out, but it is kind of a complicated document.

Mr. **Van Dusen**. The additional items that are in the draft form are there because the State and institutional program administrators believed that those items were necessary for their proper stewarding of their funds.

By combining those items with those necessary for the basic grant program the process is simplified for the student, even though the single form may have a few more items than the basic grant form.

The single form replaces, by our estimate, as many as seven individual forms. So taking it as one document, yes, it is more complicated than the other document, but compared to the seven alternatives, we think it is simpler.

Senator **Pell**. What was your reaction to the placement of the basic grant as a part of the total package?

Mr. **Keppel**. We very clearly see it as the base of the total package.

Senator **Pell**. Would you want to drop the half-cost provision?

Mr. **Keppel**. This is one I thought about, sir, and I would like to make clear that this is just the kind of issue we did not take up. That struck us as a decision that ought to be decided by the people.

I think it would be most inappropriate for me to say that the task force has any views on that topic. We did not deal with it.

Senator **Pell**. One of the recommendations of the task force involves moving forward some of the various dates in the basic grant each student was eligible to receive.

Yesterday's hearing showed if those dates were changed it would require the computation of the basic grant based on estimated family income rather than the figures contained in the income tax form.

In this case, estimates would have to be computed twice, once with the estimated figure, and later the actual family income.

Do you feel that this tradeoff of an earlier date is worth the added cost of administration computation?

Mr. **Keppel**. The answer is I do, sir.

In order to get the basic information, may I ask Mr. Dickson, who is registrar of the University of Pennsylvania?

We will be better able to get reality that way.

Mr. **Dickson**. It would certainly involve additional administrative work.

I would agree with Dr. Keppel that we feel it is worthwhile, vastly worthwhile, in order to give information and motivation to students at a time when the secondary year, when it will really be valuable to them.

I would also point out that even now there is no guarantee that the applications are filed subsequent to the computation of the income tax and completion of the income tax form. Many are, in fact, not.

Senator **Pell**. One of your recommendations was that the basic grant programs be delegated.

What was your reasoning behind that?

Mr. **Keppel**. I think I would have to qualify that a little bit, if I may.

This is a partnership pattern that we are trying to work out. We were very much struck by the continuing growth of, if I may say so, what your program has started. I think I can say in a personal way that I am just very much impressed with what has been triggered off by the program.

Now, that involves State enterprises which too have grown. It is the balance between these, and I do not want to say that the thing is going to be run by the State. What I prefer to do is to ask Mr. Van Dusen to give you the tradeoff on this one, if I may.

Mr. **Van Dusen**. I think, Senator, that the recommendation that you refer to has to do with the processing of basic grant eligibility documents.

At the present time students who apply for student aid, other than basic grant, typically file an application with the college scholarship service and/or with the American College Test Program and/or with their State.

What the task force was suggesting was that this application would be acceptable to the basic grant program in lieu of a separate application, that these agencies, if authorized and approved by the basic grant program, would simply transmit information to the basic grant program for their subsequent processing, rather than requiring the student to complete a separate application and send it separately. The first application could be accepted by the basic grant program.

This is a continuation of the recommendation about the common form. If the same form is used by all agencies, it would seem to the task force that the point of original submission should then be able to transmit that data to other processing agencies for their use, rather than requiring the student or the parent to make copies.

Senator **Pell**. I thank you very much indeed.

The Senator from Maryland.

Senator **Beall**. Thank you, Mr. Chairman.

I was going to ask some questions about this form, Mr. Chairman, but I am not quite sure I fully understand it. So until I understand better the form, perhaps I will let the question pass by.

But there is some question in my mind as to why the basic form by its nature is less complex than the other forms required?

Mr. **Keppel**. By the very nature of the BEOG you mean?

Senator **Beall**. Yes.

Mr. **Keppel**. Perhaps the best way to respond to that, I could take a try, but I do not think I will be as good as Mr. Dickson. He has been dealing with the individual students and their responses, and the State and the institution.

Senator **Beall**. Let me put it this way. What additional information does SEOG need that BEOG does not need?

Mr. **Dickson**. I do not think that SEOG requires so much as loan programs, where further identifying information for latter tracing purposes is vital.

There are also some items, for example, State of legal residence, in the form, of which were put in because of State requirements rather than Federal program requirements in order to make the document acceptable to State agencies as well.

Senator **BEALL**. But does HEW object to the inclusion of State of legal residence as an intrusion of privacy?

Mr. **DICKSON**. Yes, sir.

Mr. **KEPPEL**. I think the answer is yes.

Senator **BEALL**. Why?

Mr. **KEPPEL**. Sir, I am not in HEW any more.

Senator **BEALL**. You would not want to venture a guess, in view of your past experience?

Mr. **KEPPEL**. No.

Senator **BEALL**. I mean, is this a major hangup?

Mr. **KEPPEL**. I better ask Mr. Van Dusen.

Mr. **VAN DUSEN**. It relates to an interpretation of the language of the Privacy Act, which says that the basic grant program may not collect, or maintain information not necessary for its function. The basic grant program makes the point that State of legal residence is not required in order to determine a basic grant eligibility, therefore, is not necessary for their function.

One of the other items that they objected to on the form is the student sex, male or female. That is another item of objection.

Senator **BEALL**. But now have you a uniform form—uniform document sounds better—so therefore, you do not have any argument that this is an invasion of your privacy?

Mr. **VAN DUSEN**. It is an invasion of the privacy only insofar as the basic grant program is concerned. The other Federal student aid programs, it would not.

Senator **BEALL**. If you had a standard form saying this form is for all forms of student aid programs that are available, is that not acceptable?

Would that not be acceptable?

Mr. **VAN DUSEN**. That seems to us to be the logical position. It is the OE counsel who takes a different view.

Senator **PELL**. May I interrupt for a second?

I was looking through the form too, like the Senator from Maryland.

For goodness sakes. How could the average parent, who may well not have finished high school, fill out a four-page form of this complexity?

It is just absolutely impossible.

Are they supposed to have assistance in doing it?

How do you really think this is supposed to be filled out?

Senator **BEALL**. I would send it to my accountant.

Mr. **VAN DUSEN**. The form comes in two sections. One section is intended to be filled out in English, but most of them are numbers that are written down.

The second part of the document, which I think you refer to, Senator Pell, is——

Senator **PELL**. Draft prototype form.

Mr. **Van Dusen**. This is a mark sense version, which is necessary in order to accommodate the technical data input used by the American college testing program during their normal operation.

The instructions on the form key it directly to the income tax form in large measure, and it was our supposition that the family having completed their tax form for the prior year could then go through their tax documents, and the instructions say transfer line "X" from your income form to line "Y" on the other form.

Mr. **Keppel**. Senator, I wonder if I might comment on this?

Senator **Pell**. Who fills this stuff out? That is my question.

Mr. **Keppel**. Which page are you on, sir?

Senator **Pell**. Side one, draft prototype form, national task force and student aid program.

Is this done by somebody in HEW?

Mr. **Van Dusen**. No, sir.

If I could direct your attention to the two pages immediately preceding that which are also headed draft prototype form, but which have boxes where words and numbers are entered. This section forms a worksheet, and it is a document then which can be submitted to any agency that uses the manual processing, or which keypunches.

The American college testing program uses a mark sense method of entering data, and the supposition is that the family would then transfer the information from the previous form to this form, and fill in the little bubbles.

This is the method used for determining need analysis by the American college testing program at the present.

Senator **Pell**. You mean the average American family is supposed to be able to translate this?

Mr. **Van Dusen**. Senator, they are doing it at the moment.

Senator **Stafford**. Mr. Chairman, if they are filling out all these forms, how do they have time to do anything else?

Mr. **Keppel**. They find time.

May I comment on this?

I share the Senator's view on the matter. In all candor, this looks much more complicated than it is.

More important than that, and, seriously, the task force has the same human worries about this as any sensible person would.

In order to test out whether the thing is going to work, that is the real problem, but we have asked for, and have received the corroboration of several States in putting the whole works into operation.

This thing will have what we might call a dry run in the academic year 1975–76.

So we will be able to report to you in 6 or 8 months what happened in the dry run. Wisconsin and California are both going to give this the dry run next year.

Senator **Hathaway**. When will that be completed?

Mr. **Keppel**. When could we report to the Senators is really the question.

About a year from now, April or May, sir.

But two States, California and Wisconsin, are prepared to take what is in this recommendation and give it a try next year as a dry run. And I would say, Senator, that this seems to me as sort of an outsider that the only thing to do is to try it, and we have the corroboration of two great States to try it.

Senator **Pell**. If you use a ballpoint pen or hard pencil, I understand, it would not work, is that correct?

Mr. **Keppel**. I think that is true, but it has been going on for some years.

Senator **Beall**. On that dry run of the form, the States you are talking about are using that form for their own State programs?

Mr. **Keppel**. Yes; that is right, sir.

Senator **Beall**. But the real hurdle is getting the biggest national program we have to use the form, and until we do that, we really have not accomplished much.

Mr. **Keppel**. I would attempt to argue a little that we are going to give it a good dry run. These are very large numbers involved.

Senator **Beall**. I apologize for not being here, but we had markup sessions in the Commerce Committee that I could not miss because of amendments I had to offer. And I do not want to repeat the questions that have been asked, but I understand you have been talking about the value of houses and other assets that should or should not be included.

Senator **Pell**. The basic question raised was whether it should be a $25,000 exemption for housing and $10,000 for savings.

Senator **Beall**. Do you feel that a cost of living should be factored into the BOEG program?

For instance, in some areas of Maryland, for example, rent is a considerable factor, and rents vary from high in the urban area, here in the Metropolitan Washington area, for instance, to a much lesser amount in the more rural parts of our State. Therefore, the rent is a major consideration in determining the kind of income the person has available to him for the purpose of educating his children.

Should we consider these cost of living factors in?

Mr. **Keppel**. May I ask Mr. Dickson to deal with that, Mr. Chairman?

Mr. **Dickson**. I would not myself recommend that any national program attempt to deal with such infinite variation, but I would certainly urge that there be forced on the attention of every institution their responsibility to deal with the individual variation.

I do not think a national program or a national processer can take into account the differences that are not only in regional, but frequently within a given city just as vast.

Senator **Beall**. What is the cutoff?

Let us use Montgomery County, Md., as an example.

You have a blue-collar worker out there that is making more than $10,000. He is automatically cut off from eligibility unless there are unusual circumstances. And it seems to me his cost of housing, when compared to people in other parts of the State, is an unusual circumstance.

Mr. **Dickson**. I would certainly agree.

I would question, however, whether the BOEG program is intended to deal with him and if there are not many other programs available to that particular family.

Senator **Beall**. Such as?

What would be the other programs available to him?

Mr. DICKSON. Any of the campus-based programs would include eligibility for such a family.

Senator BEALL. State and/or loan program?

Mr. DICKSON. Grant, loan, and job are all available.

Senator BEALL. Just because of the action of residence, he is not different from somebody from some place else.

Mr. KEPPEL. I agree with you, sir.

I think Mr. Dickson has made a very good point. This task force was established for the purpose of trying to make the machinery work better, and we are trying to be very careful, honestly careful, about the dividing line between machinery and policy.

I know, of course, it is fairly hard to deal with it without slipping over. I am just trying to be as intellectually honest as we can. And on behalf of the task force, I would have to say we cannot answer your question, sir.

Senator HATHAWAY. I have one question with regard to whether or not you made a distinction between business and non-business assets?

We have a lot of people in rural areas who do not have much of an income and, as a result of that, might not be qualified.

Mr. KEPPEL. Mr. Dickson was chairman of the subcommittee and dealt with it.

Mr. DICKSON. The answer is yes.

Business and farm assets are treated in a very different way than other assets.

Senator HATHAWAY. How are they treated?

Mr. DICKSON. Discounted.

Senator HATHAWAY. Discounted, all of them?

Mr. DICKSON. No; depending on the size.

Senator HATHAWAY. It would vary in the business, I would suppose, so it would be difficult to set a number of values.

Mr. DICKSON. That is true.

Senator HATHAWAY. Maybe some farmers could sell off acreage to send their child to school, but in other cases you cannot sell part of a lobster boat worth $30,000 to send someone to school.

Mr. DICKSON. At that level, the effect on the outcome is so slight that there would be no question of liquidation.

Mr. KEPPEL. Senator, it might help to say that the task force asked three or four economists to take a look at where it was going, professional economists.

I admit, to my surprise, they agreed as to what the implications were of the need analysis form, and we would be glad to put their views on the record if anybody would be interested.

Senator HATHAWAY. Yes; I would be.

Mr. KEPPEL. Well, we have it. We will put it on the record as attachment C.

The fact that three economists agreed made me nervous.

Senator HATHAWAY. Yes; it makes me nervous, too.

Did you confine yourself to the nuts and bolts of the existing programs or did you go into any recommendations with respect to novel or different ways of financing student aid?

Mr. KEPPEL. We dealt solely with the existing programs. We made no recommendations of any changes.

We could spend the rest of the century thinking of new programs, so we stuck with the programs that are on the book, Federal, State, local.

Senator HATHAWAY. What do you personally think, Dr. Keppel, based upon your experience in the field, about different concepts for financing higher education?

Mr. KEPPEL. Senator, I have dug into this before.

When I was in public office, I did not duck it. I would like to duck it now.

Senator HATHAWAY. We certainly would appreciate your views.

Mr. KEPPEL. I will be glad to come back if you give me some chance to get ready.

Senator HATHAWAY. I am personally concerned about career education, especially when you read in the paper every day where students graduate from liberal arts colleges with very high grades and whatnot and still cannot find jobs, somewhat because of the economy, but also because of the fact that they are not equipped or trained for employment.

Mr. KEPPEL. Actually, I just left the chairmanship of a publishing company in order to devote my full time to try to think through questions of education policy for the next 5 years.

But I have just started, and if I gave my answers now, they would be incompetent.

Senator HATHAWAY. I would appreciate hearing from you as soon as you make your various decisions.

Mr. KEPPEL. I would be delighted.

Senator HATHAWAY. Thank you.

Senator PELL. Senator Stafford.

Senator STAFFORD. Thank you, Mr. Chairman.

Due to other committee meetings, I arrived here late. I got the benefit of some of the dialog, but on that basis I have no questions.

Senator PELL. Thank you very much, Dr. Keppel.

With unanimous consent, I order printed in the record the prepared statement of Mr. Keppel and material made available to the Subcommittee on Education pertaining to cooperative education, authority for which is found in title IV of the Higher Education Act.

Cooperative education is a most meaningful program in that it allows a student to mix his college education with work in a field related to his studies. It also makes attendance at college easier in that the student is able to earn a portion of his tuition and expenses.

[The information referred to follows:]

ATTACHMENT A

NATIONAL TASK FORCE ON STUDENT AID PROBLEMS

Post Office Box 141
Brookdale, California 95007

STATEMENT PRESENTED ON BEHALF
OF THE
NATIONAL TASK FORCE ON STUDENT AID PROBLEMS

TO THE
SUB-COMMITTEE ON EDUCATION
COMMITTEE ON LABOR AND PUBLIC WELFARE
UNITED STATES SENATE

BY
FRANCIS KEPPEL, CHAIRMAN

THURSDAY, JUNE 12, 1975

Mr. Chairman and Members of the Sub-Committee, I am Francis Keppel. For the past year I have had the pleasure of serving as Chairman of the National Task Force on Student Aid Problems. I appreciate this opportunity to discuss with the Sub-Committee the results of the Task Force activity as they relate to the Federal student aid programs.

The National Task Force was an organization representing 26 educational associations and organizations formed in May, 1974, to explore ways in which the existing student aid system could be made more coherent, more equitable, and more effective. I use the verb "was" because the Task Force discontinued its activities at a final meeting May 28 and 29, 1975. Our intention, from the beginning, was that we would be a short-term group concerned with improvements in the delivery system of student aid which could be made without major changes in the legislation under which the programs were established. By design and agreement, the Task Force did not involve itself with matters of public policy regarding student aid. It was not constituted to do so. Our discussions accepted the present structure of the system and sought ways in which it could be improved.

Basic to the functioning of our Task Force was the concept of a partnership of Federal, state, institutional, private, and student interests, each contributing in significant ways to improve the access, choice, and retention of students in postsecondary education through programs of student aid. I would note for the record that all of the funding for our activities came from private sources, with the organizations and associations participating in the Task Force contributing enormous amounts of staff time to the achievement of our goals. Without this voluntary demonstration of interest and concern we would have been unable to achieve the results that we did.

Time, and resources, made it necessary for us to limit our areas of activity to the system for delivery of aid to undergraduate students. We recognized as important such matters as aid to graduate and professional students, loan collections, counseling and tutorial programs, and other issues relating to the broader aspects of access, choice, and retention but found it necessary not to engage in any in-depth study which these issues demand.

A complete record of our discussions and findings is provided in the Final Report of the Task Force, which is attached to this statement. I would appreciate it if a copy of the Report could be included in the record of these Hearings. I would like to direct my remarks to three of the major issues addressed by the Task Force both as a report on our findings and as recommendations for further actions which need to be taken to implement them.

Three special problem areas were identified by the Task Force as needing close attention. The first concerned the overall management and coordination of the student aid system itself, with particular attention to the calendar under which aid awards are made. The second concerned the amount of money a student and family can reasonably be expected to contribute toward postsecondary education from their own resources. The third concerned the number, variety, and complexity of application forms that the student must complete in order to apply for all of the aid for which he or she may be eligible. While these issues relate to the administration of Federal, state, institutional, and private student aid programs I would like to focus my remarks on their implications for the Federal programs under consideration by this Sub-Committee.

The Basic Education Opportunity Grant Program is the broad foundation upon which all other elements of the student aid system rest. It delivers, and is intended to deliver, the initial basic element of student aid to which others are then added to create a student's aid package. Common sense suggests that the BEOG should be the first among the programs to announce its awards each year. In practice, however, it is usually among the last, coming long after other awards have already been made and causing a frantic rush in the last days before school opens -- or even after school opens -- to adjust and readjust aid packages.

The Task Force recognized the difficulties involved in altering the calendar of Federal activities but it considers the issue of paramount importance in improving the coordination and management of student aid. We urge you to consider technical changes in the appropriate legislation to make it possible for:

the Basic Grant Program to begin processing applications by September 15 of the academic year prior to the year for which the awards will be made, and

the announcements of allocations to states and institutions from the SSIG, SEOG, CWSP, and NDSL Programs to be made by November 1 of the academic year prior to which awards will be made.

These changes in the Federal calendar, together with comparable changes in state, private, and institutional calendars, will permit awards to be made in a logical sequence, will permit aid administrators to construct aid packages in an intelligent and systematic manner, and will avoid the necessity of last minute adjustments in awards which the Task Force believes to be a major contributor to the present confusion which students, parents, administrators, and policy-makers face. This revised calendar also forms the framework for a more extensive schedule of communications between student aid programs dealt with in detail in our report.

The second major issue addressed by the Task Force which relates to the Federal student aid programs was the matter of determining the amount that parents would be expected to contribute toward the education of their children. The Task Force perceived this problem as basic to its responsibilities. Much of the confusion experienced by students and parents has to do with the different contribution estimates which are produced by the three major systems operating today -- the American College Testing Program, the BEOG, and the College Scholarship Service. Students who submit documentation to these three systems more often than not receive different estimates of the amount their parents will be expected to contribute. Clearly this situation could lead to potential injustice. The Task Force maintained that a single standard for determining ability to pay could be constructed and should be used.

Last year, the Task Force encouraged ACT and CSS to begin formal discussions with this end in view. The proposal was accepted by both organizations and over the course of the year there has developed a "consensus methodology" for determining parental ability to pay. With the approvals of their respective constituencies both CSS and ACT have agreed to make this model operational in the fall of 1975 for determinations of ability to pay for awards to be made for the 1976-77 academic year. This agreement will assure that students and parents submitting the same data to these two services will receive the same determination of ability to pay from each. The state and institutional programs which use these estimates in making awards will no longer be faced with a decision between two different numbers purporting to represent the same thing.

Two areas of difficulty remain in the Task Force's considerations of the determination of ability to pay:

The Office of Education has not yet agreed that the results of the consensus methodology are acceptable for the administration of the campus-based Federal student aid programs, and

The BEOG Program appears to have considerations which make it impossible for the consensus methodology to be used in the determination of need for a Basic Grant.

The Task Force recognizes that this issue is a major item of unfinished business, and has urged that discussions continue between ACT, CSS, HEW, and OE, under proper auspices, toward the goal of mutual adaptation of the consensus model to meet the needs of all parties. Until this can be accomplished a major area of confusion and lack of coordination will persist.

The third of the major issues addressed by the Task Force was that of a common document for the collection of information needed to make the determinations of ability to pay and of program eligibility. To students applying for aid nothing is more confusing and tedious than the annual process of filling out a succession of complicated application forms. Even a student who is applying for aid at just one postsecondary institution may be required to complete up to seven different documents in order to demonstrate his eligibility for the Federal, state, and institutional aid programs available to him or her.

To the Task Force this appeared to be an irrational situation because all aid programs seek basically the same information from students. It also appeared inefficient because it led to widespread errors and omissions which program administrators had to correct. Further, it appeared uneconomical because of the duplication of printing, distribution, and processing expenses involved in multiple forms seeking to serve a single purpose.

Over the course of the year, the Task Force was able to develop a draft prototype form which includes all of the items necessary for the determination of financial need under the consensus model previously described and enough items to make the form suitable as a state or institutional application as well. The time available to the Task Force was not sufficient to permit thorough field-tests of this prototype document, but those will be undertaken by the responsible parties during the 1975-76 academic year. We anticipate that these field-tests will further refine the document.

While the lack of field-testing has made it impossible to fully implement the prototype form in the fall of 1975, the major national services have agreed to adopt the common need analysis items and definitions in their data collection instruments this fall. This will assure consistent collection of the data needed for the consensus methodology of need analysis. Following the field tests, the Task Force anticipates that the prototype form, with appropriate modifications, will be adopted as the single document for collecting the data necessary for the measurement of family ability to pay.

Full implementation of a common form, however, will require its use by the Basic Grant Program. The Task Force has recommended a delivery system which would provide that (a) the BEOG program would continue to have a separate application processing function, (b) students who so requested could have a copy of data submitted to ACT, CSS, or some other agency transmitted to BEOG for processing in lieu of a separate application, and (c) students not submitting data for the determination of ability to pay to another processing agency would continue to submit applications directly to BEOG.

It would appear that three issues need to be resolved in order to implement this delivery system:

The Basic Grant Program would need to move to a policy permitting more than one contractor to process information necessary to determine BEOG eligibility under standards and procedures appropriate to maintain the integrity of the Program,

Since the calendar changes recommended by the Task Force would allow some families to submit applications prior to the time when their Federal income tax returns had been completed, provision would need to be made for verification of income data submitted as estimates, and

Collection and maintenance of the data on the prototype form by the Basic Grant Program would need to be permitted under the Privacy Act.

To the Task Force it appears that the first two of these issues, while admittedly complex, can be resolved within the administrative framework of the Office of Education with appropriate technical changes in Legislation as needed. The third of the issues may require specific legislative changes.

While a final, formal ruling has apparently not yet been given, it would appear that the counsel of the Office of Education is prepared to rule that certain of the items in the common form may not legally be collected by the Basic Grant Program under the strictures of the Privacy Act. To the Task Force it appears that all of the items on that form are necessary for the proper administration of the totality of student aid programs authorized by the Education Amendments of 1972. The Task Force has urged the counsel of the Office of Education to consider the implications that what appears to be their present interpretation of the language of the Privacy Act would have on the orderly and economical delivery of student aid. The Task Force believes that this issue is of sufficient importance that if it can not be altered the Congress should amend the Privacy Act to permit the use of the common form by the Basic Grant Program.

Recognizing that some continuing mechanism must be developed to maintain and strengthen the partnership of institutional, state, private, and Federal interests in the coordination and management of student aid, the Task Force has asked the American Council on Education and the Education Commission of the States to undertake a six-month study leading to the establishment of a mechanism to be operational for the 1976-77 academic year. That study may result in specific recommendations to the Congress for continuation of the kind of activity begun by the Task Force.

The report of the Task Force contains a number of other recommendations on such issues as the construction of student expense budgets, program information exchange, student information programs and systems, packaging of student aid, management and staff training needs, and the role of students in the process. I would welcome the opportunity to answer any questions you might have about these issues, or about any of the issues which I addressed directly in this statement.

Mr. Chairman and Members of the Sub-Committee, let me in closing reinforce the role that our Task Force sought to fulfill. We directed our attention to the delivery system for student aid, not to the policy issues involved, in an attempt to make the process more understandable, more efficient, and more suited to the goals of equality of access, choice, and retention of students in postsecondary education. Our efforts represent a voluntary association and action by those individuals and agencies most directly involved. The role of the Task Force was to integrate and implement the results of many existing efforts into the broader framework of a total delivery system and then to achieve the support and action of those who could bring that delivery system into being. It is in that spirit that I present this statement to you today.

ATTACHMENT B

NATIONAL TASK FORCE ON STUDENT AID PROBLEMS

Post Office Box 141
Brookdale, California 95007

Dear Colleagues:

During the past year, the National Task Force on Student Aid Problems has considered some of the major issues involved in improving the management and delivery of assistance to students in postsecondary education in the United States. Enclosed is a summary of the findings of the Task Force.

The Task Force is a voluntary association of concerned and interested agencies and organizations. Its only standing comes from the support of those directly concerned with student aid problems. The only way in which its recommendations can be implemented is for those agencies, organizations and individuals who have supported it during this year to take the actions needed to carry out the recommendations.

Sincerely yours,

Francis Keppel

Francis Keppel
Chairman

Enclosure

This document has been approved as a summary of the Final Report of the Task Force by the Chairman, Vice Chairman, Chairmen of the Working Committees, and by the Staff Director.

Francis Keppel, Chairman
Arthur S. Marmaduke, Vice Chairman and Chairman of the Working Committee on Coordination and Management
Thomas A. Butts, Chairman of the Working Committee on Common Form
Douglas R. Dickson, Chairman of the Working Committee on Need Analysis
William D. Van Dusen, Staff Director

May, 1975

"The primary purpose of student financial aid is to provide financial resources to students who would otherwise be unable to begin and complete the type of postsecondary education they wish to pursue. Student aid programs should be structured in such a way as to provide a coordinated system to achieve this purpose."

National Task Force on Student Aid Problems

SECTION I: Introduction

Financial aid to students has been one of the fastest growing segments of the American educational enterprise. Twenty years ago the amount of student aid from all sources, public and private, amounted to less than $100 million. By last year it had grown to nearly $6.1 billion, an increase of more than six thousand percent. The number of students receiving aid has also risen dramatically, from an estimated two hundred thousand in 1955 to more than three million in 1974.

The figures tell only part of the story. For growth has been accompanied by an extraordinary diversification, both in the variety of aid available and in the make-up of the student clientele. Floods of students from ethnic and racial minorities, from lower income families and from more mature age groups have swollen the ranks of the traditional college-going population. These recent arrivals have for the most part been far more dependent on student aid and have brought to their extended schooling a vastly wider range of goals. interests and expectations than was conventional in the past.

The presence on the nation's campuses of thousands of students from all walks of life who would formerly have found postsecondary education beyond their means testified to the accomplishment of the student aid system in rising to a most difficult challenge. In an age in which college level training is as important for personal advancement as a high school diploma used to be, student aid has become indispensible for achieving equality of opportunity in the United States.

Today, however, the student aid system is fast becoming a victim of its very success. As the volume and variety of needs has increased, the system has proliferated into a luxuriant tangle of programs, policies and procedures that has become all but impenetrable even to professional aid administrators, let alone to the students, the system's intended beneficiaries.

A student in quest of financial aid nowadays confronts a bewildering array of programs and application procedures. He may qualify for a Basic Educational Opportunity Grant (BEOG) awarded to him directly by the Federal government; or a grant or loan from his state or again from the Federal government; or a National Direct Student Loan; or a Supplemental Educational Opportunity Grant; or a Federally-funded College Work-Study job awarded by an educational institution; or a grant or loan provided by the institution itself; or a scholarship from his high school PTA or local Rotary Club -- or any combination of these. In addition, he may be entitled to aid under the GI Bill, or Social Security, or Vocational Rehabilitation, or the Bureau of Indian Affairs, or any of a number of other specialized programs.

Wide differences exist from one state to another in the way student aid is dispensed and administered. Many states have established student aid programs; but whereas some states offer outright grants, others offer only loans. Some states base students' eligibility on academic promise, others on financial need, and still others on a combination of these criteria.

This confusing picture has resulted from the pressure of constituents against all levels of government and from a host of political decisions made at different times and places and under different circumstances. As student enrollments have grown, thanks to existing aid programs, so have the pressures upon the system to enlarge its purposes by adding new programs or by expanding old ones. Thus the entire system tends to proliferate still further.

To the extent that diversity in student aid responds to varying local requirements, the present system may be the one best suited to a society as pluralistic as our own. This, at any rate, is the view of the Task Force. Yet the system's complexity, for students and administrators alike, has by now developed beyond being merely a source of annoyance and frustration. It has become a source of inefficiency, of wasted resources and of unfairness in their distribution. Some students are well served by the system, some are served poorly, and others, unfortunately, are not being served at all.

The inadequate funding of aid programs certainly accounts in part for this. But a major source of the trouble lies within the aid system itself: failure to get full and complete information into the hands of students at the right time; application processes and forms that are too lengthy and complicated; aid administrators who are too few in number and insufficiently trained in the intricacies of their task.

Certain other weaknesses must also be mentioned since they have received special attention in this Report. One of them is the absence of any single accepted standard for determining a student's financial need -- the figure on which much of the aid a student gets is based. The existence of several competing standards of reckoning has introduced an element of arbitrariness and seeming capriciousness into the whole student aid process.

Another shortcoming lies in the lack of clear and rational guidelines for designing aid "packages" for individual students. Aid administrators, to whom this task chiefly falls, cannot possibly distribute aid from different sources in a manner fairest to everyone unless they have such guidelines.

A third weakness, deducible from everything so far discussed, is the lamentable lack of coordination within the financial aid system as a whole, the curiously ad hoc quality of different state and institutional calendars and programming, which tends to cause duplication and redundancy, at times even a self-defeating contradiction, in aims and policies.

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Against this background the National Task Force on Student Aid Problems, a privately funded group representing 26 educational organizations and associations, was formed in May, 1974, to explore ways in which the existing financial aid system could be made more coherent, more equitable and more effective.

By design and agreement, the Task Force accepted the structure of the system as it currently exists, seeking only to improve its operations for the delivery of aid. The Task Force (please note) has not involved itself in issues of public policy regarding student aid, nor was it constituted to do so. It has not, for example, concerned itself with such questions as loan repayments. Neither has the Task Force engaged itself with the separate area of aid to institutions (as opposed to students) or with special aspects of higher education like graduate fellowships.

The Task Force, furthermore, was not created to preempt the activities of any other organization. Basic to the functioning of the Task Force is the concept of a partnership of Federal, state, institutional, private and student groups, each contributing in significant ways toward making the student aid system more coherent and responsive. The Task Force has sought to harmonize their separate efforts, but also to attack the whole problem along a broader front -- and then to gain the support of those groups and individuals who are in the best position to bring the Task Force's recommendations to fruition.

Three special problem areas have been singled out by the Task Force for close attention, each being the subject of a separate section of the Report and together comprising a major portion of the document.

One problem area concerns the amount of money a student and his family can reasonably be expected to contribute toward further education out of their own resources. At present, different agencies use different criteria and arrive at different figures. This is obviously inequitable, and the Task Force has sought to reconcile the differences, as described in Section II of this summary.

Another problem area is the confusing number, variety and complexity of application forms a student must fill out in applying for aid. The Task Force hopes to make a significant contribution in the Student Common Data Form which it has designed for universal use by all programs and agencies. The prototype of the Common Form is discussed in Section III.

The third major problem area addressed by the Task Force concerns the overall management and coordination of the student aid system itself. In this connection, the Task Force has made a number of proposals aimed 1) at reforming the calendar of aid appropriations and aid processing, especially for the Federal Basic Education Opportunity Grants (BEOG); 2) at improving communication between the aid system and its constituency, the students; 3) at improving communication within the nationwide financial aid system itself, vertically and horizontally; 4) at providing guidelines to help administrators design sensible budgets and aid "packages" for students; 5) at beefing up the recruitment and training of financial aid administrators. These matters are discussed in Section IV of this summary.

A final section, Section V, on the role of students as participants in the financial aid system, completes the body of the Report and is followed by various appendices. With the exception of the one dealing with the consensus model for determining ability to pay, these appendices have not been included in this summary.

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In conclusion, it should be emphasized once again that the Task Force's aim throughout has been to strengthen the student aid system as it exists today and not to revolutionize or otherwise radically transform it; for the virtues of its multiplicity are considered to outweigh its drawbacks. At the same time, the Task Force has fashioned its proposals with a view to occasioning the least amount of disruption and expense in carrying them out. The cost of the reforms proposed in this Report will be a modest investment, in the Task Force's judgment, compared to the returns in improved efficiency, reduction of wasted resources, and in the social and political benefits of a more just allocation and distribution of aid among millions of aspiring postsecondary applicants.

Available Undergraduate Student Aid Funds, 1974

Federal Programs:		
Basic Educational Opportunity Grants (BEOG)	$ 475	million
Supplemental Educational Opportunity Grants (SEOG)	210.3	million
State Scholarship Incentive Grants (SSIG)	19	million
College Work-Study Employment (SWSE)	270.2	million
National Direct Student Loans (appropriations) (NDSL)	292	
National Direct Student Loans (collections)	170	million
Guaranteed Student Loans	1,300	million
Bureau of Indian Affairs Grants	23	million
Law Enforcement Education Program Grants and Loans	40	million
Nursing Loans and Grants	44.5	million
	$2,844	million
Social Security Benefits	527	million
Veterans Benefits	1,590	million
	$4,941	million
State Scholarship and Grant Programs	429.3	million
Institutional Scholarship and Grant Programs	450	million
Institutional Employment Programs	280	million
Institutional Loans	30	million
Other Private Sources	50	million
	$6,180.3	million

SECTION II: On Determining Students' Financial Need

About two-thirds of all financial aid, $4 billion out of $6.1 billion in 1974, is granted on the basis of students' financial need -- "need" being simply the difference between what a student's postsecondary education actually costs and what he and his family can afford to pay.

But financial need is more easily defined than determined. How is one to avoid being somewhat arbitrary and subjective in deciding how many dollars a given student and family can afford to contribute to the cost of further education? In figuring the cost of education, what items can reasonably be included in a student "budget"? Such questions are of more than theoretical interest to any student seeking aid because they will determine how much aid he gets and may even make the difference between being able to continue his education or having to drop out after high school.

For legislators and program managers the problem of determining students' financial need is multiplied a million-fold. For them the question does not concern the unique individual case so much as the mass of people applying yearly for aid. Their question is, in view of all the variables, how can the determination of financial need be standardized, be reduced to its most accurate basis, so that all students, whoever they are, wherever they are and whatever institution they wish to attend, will be equitably treated, each according to his real need? To put their question differently, how can the limited funds for financial aid be distributed proportionately to students' needs in a way that is fairest to one and all?

These questions go to the heart of student aid. Without a uniform, standardized method of determining need the aid system can be neither altogether fair nor democratic. Without such a generally accepted method neither legislators nor program managers can accurately measure the aggregate need of student populations at all, and therefore cannot even be sure how realistically their various aid programs have been funded.

The Task Force has perceived this problem from the start as basic to its responsibilities, and set up a special committee to produce this section of the Report devoted to discovering and recommending a common approach to determining students' financial need.

Fortunately the group did not have to start from scratch. Much progress has been made over the years in developing standardized techniques for figuring students' ability to pay. Yet the field of "need analysis" is still a confused scene of competing valuation systems, rule-of-thumb calculations, plain and simple guesswork, and even personal bias.

The confusion bred by the lack of generally accepted standards has even produced some deliberate abuses -- the habit (the Task Force is uncertain how widespread) of arbitrarily setting the level of students' need to equal the amount of aid money available.

The Task Force feels sufficiently strongly about this kind of expedient manipulation of the facts to confront it in an initial recommendation:

> *Need Analysis should be used to measure objectively and equitably the amount of money needed by a particular student to complete a program of study at a particular institution. It should not be used as a rationing device. Efforts should be made to increase the level of funding for student aid. But until that has been accomplished, need analysis should not be used to make it appear that needs are being met, when in fact they are not.*

Standardizing the measurement of financial need means standardizing the measurement of its two defining ingredients -- the cost of a student's schooling and the amount he and his family can contribute toward it. Thus, educational costs and "ability to pay" are the two complementary halves of need analysis. Each presents separate problems, and each is dealt with separately in this section.

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ONE HALF OF NEED ANALYSIS: MEASURING ABILITY TO PAY

The dollar figure for the amount a student and his family can afford to contribute toward his schooling is usually arrived at by a two-step process:

> Step One: the student's own assets, his savings, his earnings, from any former job, his family's income and assets, his family's size, its expenses, its financial obligations -- all these factors and any others that may be pertinent are grouped to form a composite picture of a family and student's financial strength.
>
> Step Two: a figure for the family and the student's contribution is arrived at by applying a "taxation rate" to their financial strength. This figure represents "ability to pay."

Since each of these steps clearly involves matters of personal judgment on the part of the examiner, the process falls well short of scientific precision. The many factors that have to be considered in Step One, for instance, cannot be simply added and subtracted to arrive at a just assessment of financial strength; they must first be appropriately weighted to reflect their relative significance in the overall picture. How each ingredient should be weighted is bound to offer some leeway for differences of opinion. In Step Two, the rate of "taxation" is equally a subject about which reasonable people can (and do) honestly disagree.

In spite of these difficulties, however, the practical imperatives of financial need assessment have brought into existence several different modes of measurement that have gained varying degrees of acceptance. Some methods have been developed by institutions exclusively for their own use. Some states have developed methods of their own and apply them in state-funded programs. On a national scale three separate methods of need analysis have gained wide acceptance. They include the ones employed by the Basic Educational Opportunity Grant Program (BEOG) and by two educational service agencies, the College Scholarship Service (CSS, a branch of the College Entrance Examination Board) and the American College Testing Program (ACT).

The BEOG system differs basically from ACT and CSS in stopping at Step One -- the measurement of financial strength. This is sufficient for BEOG, which seeks merely to determine whether a student's economic status makes him eligible for BEOG in the first place, and then fixes the size of the award accordingly. Certain other aid programs share a similar limited interest, and it is a moot as well as academic question whether such halfway measures should be classed as need analysis at all.

But Step One doesn't go far enough for the majority of programs, which must tailor awards according to a student's demonstrated ability to pay; nor can it satisfy individual aid administrators at hundreds of separate institutions who must design individual aid packages for tens of thousands of students.

The demands of this group are met by CSS and ACT, which carry their calculations through Step Two. Based on economic theiry, on such sources as Bureau of Labor statistics, on extensive research and on years of practical experience, the need analysis techniques devised by ACT and CSS can be said to represent national standards. Each agency has its own nationwide group of clients, numbering between them more than 85% of all aid-granting institutions and aid programs across the land. CSS processed some 1.4 million family statements last year; ACT about 350,000. Yet, neither ACT nor CSS, nor in its more limited scope BEOG, escape a degree of arbitrariness and subjectivity that are inherent in their calculations. Each comes up with different results when presented with the same data.

Thus, a student who applied to two different institutions, one serviced by CSS and the other by ACT, could find his ability to pay assessed differently at each place. If he had also applied to the government for a BEOG grant, the consequent measure of his financial strength could be different in all three cases.

Clearly this is a situation pregnant with potential injustice and, on the face of it, absurd. The Task Force sees no justification for admitting the accidental impact of different measuring devices as a legitimate variable in determining any student's financial need. Knowledgeable persons will recognize the proliferation of different methods and techniques as yet another consequence of the unplanned, ad hoc evolution of the financial aid system. To students and their parents, however, the discrepancies between the results of one method and the next can only appear baffling, arbitrary and ultimately unfair.

In view of the cardinal importance of introducing consistency into the determination of a student's ability to pay:

> *The Task Force maintains that a single standard for determining ability to pay can be constructed and should be used. Such a standard would insure that the levels of student contribution established at least by ACT and by CSS will be identical for the same family submitting the same financial data to both. If programmatic considerations can be overcome, it may be possible for the same standards to be used by BEOG, thereby bringing all three major systems into agreement.*

On Reducing Three Yardsticks to One

To construct such a common standard from scratch and then win general acceptance for it would be far beyond the capacity of the Task Force itself. The time and expense would be prohibitive -- CSS, to illustrate, recently spent 16 months and $150,000 exploring ways of revamping its own system, only to reject radical innovation as far too costly and time-consuming to introduce. The Task Force has neither the size, the structure nor the technical expertise required for the job; and given its one-year life span, it could scarcely oversee the development and introduction of a completely new need analysis system, even in the event that the three existing national systems would abandon their own models in favor of the Task Force's.

Perhaps more to the point, any new need analysis system would of necessity be just as arbitrary and subjective as the old, and thus equally prone to mistake. The ACT and CSS systems both have their critics; but what is more urgently needed at this time, according to the Task Force, is consistency and uniformity of approach, not the pursuit of an absolute and possibly unattainable ideal.

The Task Force therefore maintains that rather than to tear down and start afresh it makes more sense to build on what has already been accomplished, and that the most logical and productive strategy is for ACT and CSS to collaborate in bringing their respective systems into agreement, producing a common standard for measuring need analysis that will be acceptable to their constituents.

Last year the Task Force encouraged ACT and CSS to begin formal discussions with this end in view, permitting representatives from the Task Force to participate as non-voting observers and, if necessary, to serve as arbitrators in case of dispute. The proposal was accepted by both organizations and meetings with Task Force members have been in progress since October. The Office of Education also agreed to take part in these discussions and, wherever possible, to make whatever changes in eligibility ratings for BEOG will bring their results into congruence with those of ACT and CSS.

The Task Force recognizes that standardization will be a major achievement in itself; at the same time, however, it would like the new common system also to simplify the problems faced by parents and students. To this end:

The Task Force recommends that:

1. *The data base of the new system should derive from the items agreed to by the Task Force's Committee on the Common Form (see following section of the Report);*
2. *The number of factors used to produce the analysis should be as few as possible;*
3. *The measure of a student's financial strength (Step One) should be expressed in the form of a numerical index.*

The discussions between CSS and ACT have resulted in the development of a consensus model for determining parental ability to pay. This model, to be fully implemented in the fall of 1975 for students applying for aid for the 1976-77 academic year, will assure that the same family supplying the same data to the two national services will receive the same estimate of their ability to pay from both.

At its final meeting, the Task Force reviewed the model, which is described in the Appendix of this summary, and made the following final recommendations:

> *The Task Force endorses the consensus model as formulated by the agreements between ACT and CSS but recommends that the responsible parties of those agencies continue to examine the appropriateness of parental contributions for families whose incomes fall between the Bureau of Labor Statistics low and moderate budget standards adjusted for changes in the Consumer Price Index.*
>
> *The Task Force further urges that discussions continue between ACT, CSS, the Department of Health, Education, and Welfare, and the Office of Education, under proper auspices, toward the goal of mutual adaptation of the consensus model to meet the needs of all parties.*

A Data Processing Simulation Model

The Task Force also commissioned the development of a data processing simulation model for determining student and parent ability to pay. The model was designed for computer use and will show the impact of different methods of calculating a student's need on the value of his expected contribution. It will greatly simplify and hasten progress toward constructing the new CSS-ACT consensus method. Each proposed modification, each suggested change in existing techniques can immediately be tested on the simulation model to see what its ultimate effects will be.

The simulation model should have a permanent usefulness, since any new need analysis theories and any additional refinements that come into play at any time in the future can likewise be tried out in advance on the model to test their soundness.

The Task Force considers this simulation model extremely valuable; but since its operation and maintenance are beyond the scope and ability of the Task Force:

> *The Task Force recommends that the simulation model be made available to any appropriate agency, organization or institution wishing to use it, on payment of a suitable fee.*

The model has been turned over to the National Institute for Financial Aid Administration, which has agreed to make it available on request.

*****

THE OTHER HALF OF NEED ANALYSIS: DETERMINING EDUCATIONAL EXPENSES

Devising a standard method for determining ability to pay is only half the battle. It is equally important to establish generally accepted guidelines for determining what a student's educational expenses will be -- his "student budget."

Considered on a nationwide basis, student budget-setting involves almost as many variables as determining a student's ability to pay. One variable, certainly, is the difference in the cost of living between one part of the U.S. and another, or between rural and urban areas in the same part of the country. This affects not only differences in the cost of room and board for students but also tuition rates and other fees, which differ widely for other reasons as well, and represent important variables in their own right.

Another variable is the circumstance of the student, whether he is single or married, living at home or on campus. Most institutions construct different categories of student budgets based on this particular variable.

From the standpoint of the individual institution, many of the variables just mentioned are actually constants, in the sense that the local cost-of-living-index and the tuition charge, for example, have the same value at any one time for all students in attendance.

But there is one additional variable which is left very largely to the discretion of individual institutional budget-makers and which would greatly benefit the process of analyzing students' need if it were more standardized. This variable has to do with what kinds of expenses can be called "legitimate" educational expenses. While nobody would question as legitimate such direct expenses as tuition, fees, books and supplies, and such indirect expenses as room and board (depending on the student's budget category), aid administrators sometimes exclude other expenses that the Task Force would consider legitimate, such as recreational expenses, child care and child support payments.

The wide latitude given to aid administrators and other college officials in drawing up budgets is an open invitation to ideological differences and even to self-serving manipulation. Some aid administrators set budgets artificially low because they tend to think of aid recipients as charity cases who deserve nothing better than a marginal standard of living. Others will set the cost of living figure either high or low depending on what they imagine a given student can afford to spend. Another questionable practice that is all too common is to manipulate the student budget to disguise the fact that there are not enough aid dollars to go around.

Such abuses spring directly from the lack of generally accepted guidelines for budget-making, and they clearly prejudice not only the making of budgets itself but the determination of students' financial need and the fair distribution of student aid funds. They have no place in our educational system. The chief victims are, of course, the students, who have no way of knowing whether the budgets presented to them are realistic or whether they have been distorted by philosophical bias, political expediency, or for some other reason.

> *The Task Force recommends that student budgets should include only those expenses that are reasonably related to a specific student's attendance at a specific institution during a specific time. They should not reflect differences in students' incomes, nor assumptions about students' ability to pay their way, nor should they be used as a disguised method for rationing scarce aid dollars.*
>
> *The Task Force further recommends that student budgets should be developed and presented to students in a manner that will honestly reflect the expenses students will face in maintaining a reasonable standard of living at the institution of their choice.*

Budget-making cannot be reduced to the kind of precise mathematical formulations used in determining a student's ability to pay. It is, and will inevitably remain, a matter of personal judgment on the part of individual aid administrators. But the Task Force believes that a comprehensive set of guidelines can be constructed that will have universal application and go far toward removing current abuses and standardizing the process of budget-making. The Task Force has in fact developed a proposed list of guidelines which it is presenting for consideration to the National Institute for Financial Aid Administration. The document is too lengthy and detailed to present in this summary. It is given in Appendix C of the full Report.

A Student Budget Research Service

Federal and state governments have a manifest interest in the process of student budget-making at institutions because it affects the equitable distribution of public funds. They should therefore be willing to help institutional aid administrators improve their results by making funds available for budget research. And since aid administrators often lack time and skill, as well as money, they should also be provided from a different source with the skilled manpower they require:

> *The Task Force recommends that Federal and state governments provide institutions with administrative allowances for the improvement of financial aid administration. The size of the allowances should be based on the numbers of Federal and state aid recipients enrolled.*
>
> *The Task Force further recommends that CSS and ACT, in cooperation with the National Association of Student Financial Aid Administrators and state scholarship agencies, develop and provide consulting services to campuses for the purpose of establishing local budgetary norms for students.*

These consulting services to be provided at lowest possible cost, should assist in the procedures of sampling, questionnaire design and administration, and data analysis. Summary reports of activities on each campus should be made a regular part of the Program Summary Data Exchange network recommended by the Task Force in Section IV of this Report.

SECTION III: The Common Student Data Form

To students applying for aid nothing is more tedious or confusing than the annual ordeal of filling out a succession of complicated application forms. No two forms are alike; each program seems to have its own language, its peculiar definitions, its own special categories of information; the questionnaires themselves arrive at different times and must be returned at different times; and so the student has to start virtually from scratch with each new application form he gets.

It is an irrational situation because all aid programs seek basically the same information from students, however differently they go about eliciting it. It is also inefficient because it leads to widespread errors and omission which program administrators have to correct at considerable waste of time, effort and money. The frustration of application formalities often inhibits students from applying at all, especially among those disadvantaged groups whom the student aid system particularly seeks to help.

In offering a Student Common Data Form as the one standard application form to be used by all aid programs, the Task Force has acted on the growing conviction that such a form is both feasible and necessary. The prototype Common Form (reproduced at the end of this summary), which is being field-tested, embodies most of the pertinent data that aid programs require, whether institutional, state or Federal. Yet it is relatively brief -- on examining the current forms, the Task Force was initially able to eliminate 56% of the questions as either redundant or superfluous. At the same time, however, the Common Form has been designed to be processed by the different technologies currently in use. Thus, the Form is in effect a double form; the same information is gathered once, and then recorded on the keypunch and manual processing parents' worksheet and transferred to the mark-sense section.

It should be noted that, while the form is intended to serve as an institutional application, the number of items not necessary to compute the family contribution have been held to a minimum. This was done in order to encourage states and schools to seriously evaluate data now collected.

The Task Force visualizes the Common Form as being adopted in progressive phases, rather than all at once. Here are the options:

Option One

On a minimal basis, need analysis services and aid programs would not switch to the new Form but merely adopt its language and uses in the application forms they are already using. This step, small as it is, would represent a welcome move in the direction of coordination between programs, and it could be accomplished quickly and inexpensively. But it would not relieve the burden on students, and the Task Force for this reason would not recommend it.

Option Two

All programs and aid analysis services switch to the Common Form; students complete a multiple copy Form and mail the copies to every program and agency they apply to. Here, the obvious advantage for students is that they only have to gather the necessary information once. For the programs, this option represents a cost saving in that the Common Form can be mass produced. It does not require coordinated timing among programs, nor any change in criteria for program eligibility. It does, however, require programs to adopt the consensus model for determining a student's financial strength (see Section II). The Task Force sees this option as a feasible interim measure, to be adopted for the 1976-77 processing year.

Option Three

In an extension of the previous option, the processing activities of BEOG would be dispersed; several agencies and/or state programs would be authorized to calculate and disseminate BEOG indices to students on the basis of the data supplied in the Common Form. Thus, students would have one program less to correspond with. Option Three does, however, pose certain administrative problems, and the Task Force would hold this option in abeyance for a following year.

Option Four

This option would permit a student to complete a multiple copy Student Common Data Form just once, and mail it to a single designated agency within his state. That agency would thereupon forward the copies to all other agencies and programs to which the student was applying. This option would require a high level of coordination between various programs as regards timing. But it would bring the system a long way toward the goal envisaged by the Task Force.

Option Five

A single agency would be chosen or created to receive the Common Form and all supportive documents from all over the country, and then to edit, verify and transmit information to the programs designated by the students. Under this option, students would actually file only a single copy of the Common Form and the central agency would do the rest. Information emanating from the central agency would have to come in a format compatible with the current files of diverse programs, and this could create a technological problem. Like Option Four, this option also requires very close coordination of timing among programs. Most of all, Option Five would produce major changes in the traditional roles of existing programs. Their need analysis activities would have been transferred to the new agency, and they would be left with the counseling of students and the processing of awards as their chief functions.

In the final stages of discussion, the Task Force approved a number of technical modifications to the prototype form reproduced at the end of this summary to expand its potential usefullness in the 1975-76 year. At its final meeting, the Task Force approved the following:

> *The Task Force recommends that for the 1975-76 processing year delivery system Option I, calling for the adoption of the common items and definitions of the Common Form in existing data collection documents and publications, be implemented by the Federal, state, and private student aid programs; by the postsecondary institutions; and by the national need analysis services.*
>
> *The Task Force recommends that the Common Form itself, following field trials and modifications as appropriate, be adopted for the 1976-77 processing year by the Federal, state, and private student aid programs; by the postsecondary institutions; and by the national need analysis services as the single document for collecting the data necessary for the measurement of family ability to pay.*
>
> *The Task Force recommends that as soon as feasible a delivery system be implemented whereby (a) BEOG would continue to have a separate application processing function, (b) students who so requested could have a copy of data submitted to ACT, CSS, or some other agency (or data derived by them) transmitted to BEOG for processing in lieu of a separate application, and (c) students not submitting data for the determination of ability to pay to another processing agency would continue to submit applications directly to BEOG.*

Discussions toward achieving these goals are underway, and will continue long after the Task Force completed its activities.

SECTION IV: The Coordination and Management of Student Aid Programs

A "system," says Webster, is "a group of diverse units so combined by nature or art as to form an integral whole, and to function, operate, or move in unison."

By that definition student aid would hardly deserve being called a system at all. "Diverse" it certainly is; but in no sense do its multiple programs form "an integrated whole," to say nothing of moving in unison. On the contrary, each program seems to occupy a private world of its own, with its own policies and procedures, its own schedule and calendar, even its own language, paying scant heed to what other programs are doing and not even especially concerned about the students, beyond insisting that they fill out their applications correctly and get them in on time.

Such a confused patchwork not only lessens a student's chances of making the right decisions and getting the right amount and kind of aid he needs, it also leads to inefficiency and duplication in the student aid system itself. It is very largely a problem in communications -- between the aid system and the student, between one program and another. In a larger sense, however, it is a question of coordination and management at every level of financial aid.

Revising the BEOG Calendar

The Basic Education Opportunity Program is the broad foundation upon which the student aid system reposes. It delivers, and is intended to deliver, the initial basic element of student aid, to which others are then added to create a student's aid package.

Common sense suggests that BEOG ought to be the first among the programs to announce its awards each year. It is usually, however, among the last, coming long after other awards have already been made and causing a frantic rush in the last moments before school opens -- or even after school opens -- to readjust aid packages.

The extra work, expense and confusion caused by this delay seems inexcusable. The Task Force recognizes the difficulties involved in altering the calendar of Congressional appropriations; but it considers the issue of paramount importance in upgrading the coordination and management of student aid. For once the Federal portion has been committed at the proper time, then state and institutional allocations will fall into line in a natural sequence.

> *The Task Force urges that legislators and officials responsible for financial aid at Federal, state and institutional levels revise their calendars to make possible the following timetable, to apply to students seeking aid for the fall of 1977:*

September 15, 1976:	BEOG begins to process applications
November 1, 1976:	The U.S. government announces SSIG* allocations to states and SEOG/CWSP/NDSL allocations to institutions
January 15, 1977:	States begin to announce student awards from SSIG and from state-funded programs
April 15, 1977:	Institutions begin to announce student awards from SEOG/CWSP/NDSL and from their own institutional aid programs

(*for a guide to abbreviations, see page 5)

This reformed calendar will give aid administrators the time they need to prepare aid packages in an intelligent and systematic manner, and will spare them from having to do their work all over again at the last minute. The new calendar will also form the framework of a more extensive schedule of communications between the various programs, as will be described later on in this section.

Communicating with Students

Not long ago, a student was denied aid because his dependency status had changed from family-dependent to self-supporting. He was not told that he could get a Guaranteed or Federally Insured Loan and was forced to borrow from a private bank at 17% interest in order to stay in college.

Several students were recruited to institutions with offers of grants, only to discover later that the grants had been changed to loans and employment awards.

Several other students found jobs at their institutions and their financial awards were either cancelled or greatly reduced as a result.

Such tales sometimes point to questionable practices on the administrative side; but what they point to most clearly is the great importance for students to be well grounded in the ins and outs of student aid. The lack of proper communication between programs and students is a major contributing factor to students' confusion and disenchantment over the whole system.

The very complexity of what needs to be communicated has much to do with the problem. From early on in their high school careers, youngsters need to start preparing for the important decisions they will have to make later on. The ninth or tenth grade is none too early for them to familiarize themselves with such fundamentals as sources, types and approximate levels of available aid. Their knowledge should become more specific as they approach graduation. They should learn the terms and conditions of aid, and how any activities of their own, such as job-holding, might affect their status. Students, especially from poorer families, must be made aware of the consequences of accepting loans, and of the long-term effect on their future lives of having to make sizeable annual repayments -- a reality not always easy for people to grasp.

> *The Task Force urges all local school boards and districts to develop special courses on how to make correct choices after high school. Such courses would be either required or elective and would cover the full range of options faced by a high school graduate, including employment, vocational training and college. It would include instruction in aid application procedures and in recognizing and coping with recruiting and promotional tactics indulged in by certain institutions.*

It is not just up to the high schools, but up to the whole student aid apparatus to provide students with more complete, more timely and more accurate information, not least in order to make sure that all potentially needy students are prompted to apply for the aid they require. To that end:

> *The Task Force recommends that BEOG, as the broad-based program on which all other student aid is built, should expand its services to provide students with general information about other federally-financed programs besides its own.*

One practical method of doing this would be to have every student fill out a postcard with his name, address and basic educational data and mail it to BEOG, which in turn would mail back to the student brochures describing other Federally-financed programs and application instructions. BEOG should distribute the same information through community service groups and agencies, through educational institutions and through public libraries. BEOG should also provide 24-hour toll-free telephone service for information regarding Basic grants. And as a start toward inter-agency cooperation, BEOG should also periodically send lists of students to appropriate state student aid agencies, so that they, too, may contact likely recipients.

> *The Task Force asserts that state scholarship and loan agencies and departments of education have the corresponding duty to disseminate information on all Federal, state and local aid programs within the state through the greatest variety of channels available to them.*

> *In conclusion, the Task Force urges Federal and state governments to support the development of a network of local and regional counseling centers to help potential students, especially from minorities, to make sensible decisions regarding their careers. These counseling centers would advise students on obtaining financial aid, and they would also monitor institutional practices.*

Exchanging Information Between Programs

Ignorance concerning other programs often leads officials into ineffectual and sometimes contradictory policies in planning and administering their own programs. The Task Force believes that programs should exchange information regularly, on a year-long basis and according to a fixed timetable, and that formal channels should be created to carry this information flow.

This new communications network will require an agency of some sort to operate it in each state; and, the Task Force, after considering alternatives, has concluded that it should be left up to each state to make the assignment. The responsibility for assuring that the network initially be set up, however, should be assumed by the postsecondary educational planning commissions in each state, with the cooperation of the Associate Commissioner for Student Assistance of the Bureau of Postsecondary Education who is in the best position to coordinate the separate statewide communications networks at the Federal level.

> *The Task Force recommends that the Associate Commissioner and the various postsecondary planning commissions collaborate in developing program information exchange networks in each of the fifty states.*

The precise nature of the information that programs should exchange is described in detail in Appendix D of the full Report. At a bare minimum it should include the sums of money made available by each program and how they were spent during the year. Program managers must know at least that much about each others' activities in order to be able to modify their programs and plan ahead realistically.

> *The Task Force therefore recommends that the designated organization in each state gather and collate the necessary information from each institution and aid program within the state and then disseminate it to each program and institution.*

A Yearly Calendar for Information Exchange

The timetable for exchanging information should be designed to facilitate the task of aid packaging. It would be geared to the reformed calendar for the award announcements, including BEOG, that were described earlier. Since the Task Force's recommended timetable cannot be adopted until some legislation is changed, the Task Force proposes alternate timetables -- a recommended timetable, and a compromise -- or interim -- timetable. Both timetables are set forth on the following two pages. Either one will enable institutions to package student aid more fairly and efficiently and to deliver the completed packages to students much earlier each year.

THE CALENDAR

	Desired Beginning Dates	Compromise Beginning Dates
Distribution of Policy and Procedural Information collection documents by the coordinating agent	By June 1	By June 1
Exchange of Policy and Procedural Information	By September 1	By September 1
Distribution of Basic Grant application materials for the academic year beginning the following fall	By September 1	By January 1
Beginning of Basic Grant Processing	By September 15	By January 15
Beginning of Basic Grant Student Record File Reports to State Agencies and Institutions	By October 1	By February 1
Announcement of State Student Incentive Grant Allotments to state programs	By November 1	By February 1
Announcement of SEOG/CWSP/NDSL allotments to institutions	By November 1	By March 1
Beginning of Basic Grant/State Program Student Record File Reports to Institutions, Guaranteed Loan Programs, and appropriate Private Agencies	By December 15	By March 15
Announcements of State Scholarship Awards to Students	By January 15	By March 1
Beginning of Institutional Return of Student Record File Reports to State Scholarship Programs for adjustments as necessary	By February 15	By April 15

THE CALENDAR (CONT'D.)

	Desired Beginning Dates	Compromise Beginning Dates
Beginning of Institutional Delivery of Student Record File Reports to GSLP/FISL Lenders as necessary	By February 15	By April 15
Beginning of loan program announcements to students	By March 1	By April 15
Announcements to students of SEOG/CWSP/NDSL awards and institutional grants		
Beginning of validation and verification of student/family financial data	By April 15	By April 15
Distribution of Policy and Procedural Information Collection Documents by the Coordinating Agent	By June 1	By June 1
Distribution of Program Summary Information Data Collection Documents by Coordinating Agent	By July 1	By July 1
Exchange of Policy and Procedural Information	By September 1	By September 1
Beginning of the academic year for which awards have been made		
Exchange of Program Summary Information	By October 1	By October 1

The recommended timetable cannot be effectively introduced without some preliminary changes in the aid system:

1. Not only must forward-funding be provided for all programs, but forward-funding of BEOG and other Federal programs which has already been approved by Congress, must be put into practice.

   The Task Force recommends that Federal and state governments should arrange promptly to allocate monies to financial aid programs at least ten months before the start of each school year. Private aid programs should do likewise.

2. All aid programs should accept financial data from the same base year in calculating a student's ability to pay -- namely, the calendar year preceding the student's fall enrollment. This improvement was recommended in Section II of this Report.

3. All programs should agree to make their award announcements without waiting for official verification of the financial data. Estimates for the base year should suffice for this purpose. Actual disbursements would, of course, await final verification.

   The Task Force recommends that all programs accept applications from students at least ten months before the start of each school year; that estimates of base year financial data be used in announcing tentative awards at a conveniently early date; and that adjustments be made after the financial data have been fully checked, prior to actual disbursement.

4. Operating procedures for BEOG will require some further changes:

   a. BEOG regulations should be revised to permit base year estimates plus validated data from the previous year to determine a family's tentative contribution. Final adjustments can await validation of data by April 15.

   b. Beginning in 1975, the Associate Commissioner for Student Assistance should make the Family Contribution Schedule available for Congress' approval by no later than April 1 for awards in the second following academic year.

   c. Congress should pass on the Schedule by June 1, and amend the Higher Education Act to require Congressional approval of the Schedule by no later than July 1.

   d. Students should receive BEOG application forms by September 15, and the processing of applications should begin at that time.

e. By no later than October 1, BEOG should begin to distribute serial listings (the Student Record File) to states, institutions and agencies, as recommended earlier.

A Postscript on Language

The language of financial aid is replete with words and phrases that mean different things to different audiences and often have specialized meanings to the aid programs which use them. The increased flow of information envisioned by the Task Force through every branch and limb of the financial aid system calls for a conscious effort to standardize definitions and usage. Agreement in this area would do wonders in clearing up confusion in the minds of students and parents.

A grim but rewarding excursion through piles of financial aid manuals and application instructions has convinced the Task Force of the feasibility of developing common definitions. In the process, the Task Force discovered that the U.S. Office of Education has in fact already begun to standardize the language of its manuals; the National Association of Financial Aid Administrators is trying to accomplish something equivalent for its own members.

> *The Task Force recommends that the USOE press on with its work on the manuals and disseminate them as widely as possible; and that the National Institute for Financial Aid Administration convene an ad hoc committee of representatives from various agencies to develop a glossary of common definitions.*
>
> *The Task Force further recommends that all definitions that are not specifically financial aid terms should conform to definitions already established by the National Center for Higher Education Management Systems.*

On Designing Financial Aid Packages

Putting together individual aid packages for students is the final step in the student aid process, the narrow end of the funnel into which flow all the varied streams of aid. It is also, probably, the most difficult phase. Comparing every student's need and then dividing up the available grants, loans and work money in an equitable manner is an undertaking that might confound a Solomon. Aid administrators who have had to agonize over this task year after year can hardly be blamed if their approaches to the problem are often random and uncoordinated, and their results therefore often arbitrary and inequitable.

A difficulty that arises before they even begin is how to translate the rather vague ideals of "equity" and "equality of opportunity" into practical terms. The Task Force suggests that equity in aid packaging means equalizing the financial burdens of students so that all of them will have an equal running start as postsecondary students.

A student who arrives already owing money to a bank, for instance, is clearly more burdened than a student who does not. If he requires further aid, therefore, an additional loan or work-study job would only increase his burden. The debt-free student, on the other hand, could be offered some amount of loan or work-study rather than a grant. Thus, although the grant money would not have been equally distributed, the burden would be; and, assuming that the aid given to both students had met their needs to an equal degree, they would enter school with equal advantages and equal handicaps. In effect, a "horizontal equity" would have been established between them.

A fuller illustration may help clarify the principle of horizontal equity and suggest some practical guidelines for aid packaging. Table A (next page) presents the hypothetical case of seven students applying for aid at the same college. Their educational expenses -- their student budgets -- will be $3,000 apiece, except for the last student, Gil, who is married and will need $5,000.

The aid administrator will begin by counting up the resources that are available to the students gratis -- that is, without any burden or sacrifice on the part of the students themselves. Family contributions, entitlements, already awarded grants and scholarships whatever their origin -- all these resources can be lumped together under a single heading: FCEA (Family Contributions, entitlements, agency grants). FCEA is the first component of the package, and appears as cross-hatched areas in Table A.

The next component of the package (dotted areas in Table A) consists of Student Resources -- SR. This is what the student himself contributes through his own efforts. Its inclusion here is based on the notion that every student, so far as his economic opportunity permits, should contribute something of himself in the form of his own earnings, whether past, present or future. Typically, SR consists of money saved from a summer job, or from an off-campus job during the school year, or obtained through a privately secured loan such as a Federally-Insured Student Loan. In Table A, the SR for the seven students averages at around $500 apiece. But Cal would be expected to contribute less because the aid administrator figures that Cal, as a minority student, will probably have trouble finding a well-paid outside job. Ed is not being asked to contribute anything at all because every cent he earns at the filling station goes to support his needy family. Fay, however, is contributing more because she is a junior and has a better-paying job. Thus, despite the different sizes of their SR components, the seven students are all doing the best they can and their contributions are equitably divided between them.

The combined value of FCEA and SR for all seven students comes to $11,750. This represents the sum total of what they can contribute, but little more than half of the $23,000 their combined educations will cost. The remainder -- $11,250 -- will somehow have to be covered by aid from the institution.

TABLE A

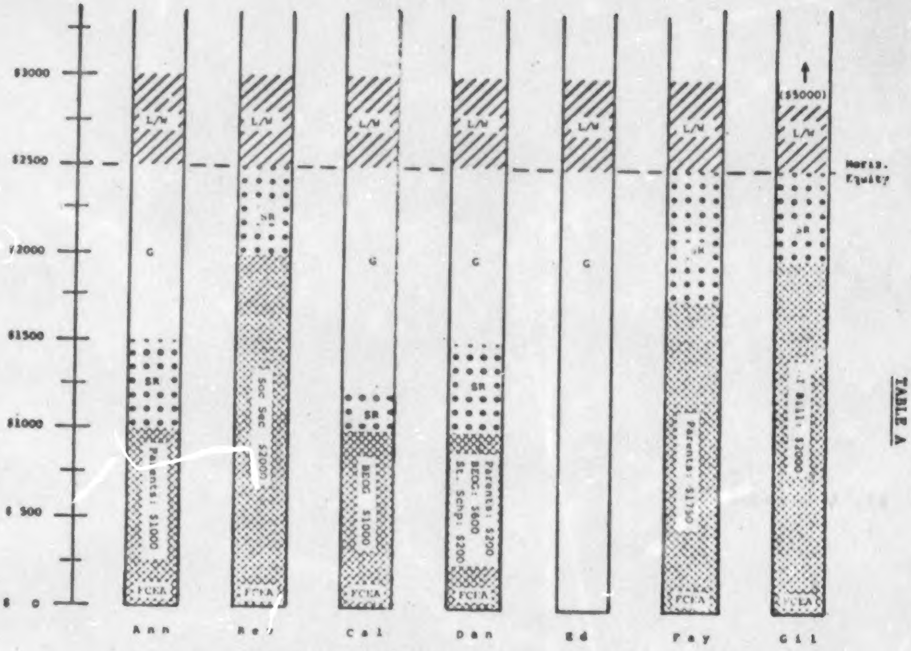


Table A: EQUITY PACKAGING: AN ILLUSTRATION

FCEA = Family Contribution, Entitlements and Agency Awards
SR = Student Resources from summer earnings, savings, private loans, etc.
G = Institutional Grants and Scholarships
L/W = Institutional Loans and Work

The aid administrator, it turns out, has only $6,000 to offer in outright grants. But he has an additional $7,000 available in the form of loans and work-study. All together, he has more than enough for his purposes. His problem, now, is how to divide the aid fairly between them, in form as well as quantity. It is here, in this final step of the aid packaging process, that the principle of "horizontal equity" comes into play.

The problem might be solved in several different ways; but there is only one solution that will create horizontal equity, that will distribute the burdens and the benefits equitably on all the students and give them all the same running start. It is to divide up the aid in such a way that the most burdensome portion of it -- loans and work-study -- is distributed in equal portions among them.

The solution is depicted graphically in Table A. First, the $6,000 in outright grant money (white areas marked "G") are distributed in such a way as to bring all the students equally close to their common goal of $3,000. This achieves horizontal equity (dotted line). Then the balance -- $500 apiece -- of their need is met with equal helpings of loans and work-study (diagonally striped areas labeled "L/W").

Under this scheme, Bev, Fay and Gil receive no grant money because their resources already stood at equity level. Ed, by contrast, receives the lion's share of the grant money because he has no other resources whatever. Yet the money has been fairly distributed. Each student has been given an equal running start. Each student will shoulder the same $500 burden of extra work and financial obligation -- except for Gil, who will have to take on somewhat more because he is supporting a wife.

The situation just described is a good deal simpler than what aid administrators encounter in real life. Student budgets vary and institutional aid of all kinds may fall short of requirements; there may be ten Eds for every Bev or Fay. Yet the approach illustrated in Table A will still be applicable, and the principle of using aid to redress inherent inequities will still remain as the policy, in the view of the Task Force, that is most consistent with the basic goals of financial aid.

> *The Task Force urges institutional aid administrators to develop a coherent packaging policy as a matter of high priority, to design aid packages with maximum equity and to give all students an equal base of non-self-help resources before turning to loans and work as a resource. The Task Force expressly recommends against considering academic achievement or demonstrated talent as a priority in granting aid.*
>
> *The Task Force recommends that packaging policies make allowance for differing economic and financial circumstances among students, different academic preparation, progress toward a degree, and anticipated ability to repay loans. Disadvantaged students should not be expected to provide unrealistic sums from earnings; aggressive students should not be penalized for exercising initiative in finding well-paying jobs.*

On the Need for Trained Administrators

More aid, a better exchange of information, a better delivery system, and other reforms proposed by the Task Force, will put heavy demands on trained manpower to administer them. The distribution of aid in 1974 directly involved an estimated 10,000 professional people at Federal, state and institutional levels. As more two-year and proprietary schools embark on aid programs, as states enlarge their programs, and as the Office of Education extends its range of review, the shortage of capable professionals will become severe.

There never has been an adequate program for training aid administrators. Most of them simply learned by doing. CSS and ACT have held one-day workshops for small groups. In 1966, CSS briefed 2,900 administrators in the intricacies of the then-new EOG program. The Office of Education has funded a few two-week summer seminars. And in 1971, the National Association of Student Financial Aid Administrators arranged for a cadre of experienced professionals in each state to conduct three-day seminars to train beginners in the theory and practice of financial aid administration.

All this is very well as far as it goes; but it goes nowhere near far enough:

> *The Task Force recommends that the USOE and the states act together to provide formal and informal training for aid administrators. Instruction should include program design, development, review and administration.*

The actual shortage of manpower in aid administration is a separate question. The NASFAA is conducting a study to determine how great the shortage is in institutions; but the Task Force believes that the shortage needs to be determined at all levels of the system:

> *The Task Force recommends that the USOE commission a national study of the management and manpower requirements of institutional, state and Federal aid programs, at both policy and administrative levels. The study should suggest ways to improve training and to recruit more personnel.*

The question often arises as to who is responsible for which aspects of administrator training. According to the Task Force, all interested agencies, services, associations, institutions and all levels of government have a role to play:

> *The Task Force believes that the Federal government ought to pay for the training of aid administrators at institutions that administer Federal programs; that state governments ought to contribute on a regular basis, and that institutions should provide released time to their staffs to receive training.*

Past experience suggests that it is better to organize workshop and other in-service training on a statewide basis rather than on a regional or national basis:

> *The Task Force recommends that, where possible, the training of aid administrators from similar types of institutions -- e.g., universities, community colleges, etc. -- should be conducted by teachers with experience in those particular types of institutions.*
>
> *To make sure that professional skills are developed and maintained at all levels, training should be given to new and experienced personnel alike. Training should encompass general principles and procedures that govern all types of programs and all kinds of institutions, and should not be limited to specific programs.*

There is a move afoot to require aid administrators to be certified. A commission of the NASFAA is expected soon to make formal recommendations concerning certification procedures. The Task Force commends such efforts to establish standards of performance; but this will not necessarily guarantee a higher level of skill. The higher priority, according to the Task Force, is for the USOE, the service agencies and the NASFAA to expand their efforts to develop an ongoing program of professional training.

A particular problem at present is the inability of USOE's regional staffs, for lack of manpower, to review the administration of Federal programs at institutions on a regular basis. The USOE has more than 17,800 contracts, grants and disbursement agreements with postsecondary institutions, but has a total of only 89 people on its regional staff to review all of them -- that includes secretaries. Since the USOE's regional staff probably won't be able to expand fast enough to catch up with its work, it would be possible for experienced administrators to be borrowed on a crash basis from institutions and state programs, to conduct program reviews on all campuses. With 150 extra people to help, it is estimated that a complete review could be accomplished in one year. Thereafter, the USOE regional staff should be able to keep up by conducting a follow-up review every third year:

> *The Task Force recommends that the USOE empower selected, competent aid administrators to conduct program reviews on behalf of, and with the support of, its regional staff. This program would be large enough to permit every participating institution to be reviewed within one year.*

SECTION V: The Participation of Students in Financial Aid

Ten years ago the question might not even have arisen. Today it seems only natural to inquire to what extent students themselves can find a suitable role and responsibility within a system that owes its existence to their need. Every individual and agency involved with aid claims, of course, to represent students. But they inevitably represent other interests as well; and to the extent that students are "interested parties," there is no substitute for viewpoints that represent students, and students alone.

Financial aid is a specialized and technical aspect of higher education, and there is a legitimate question as to how far students themselves should become involved in the management end of it. The Task Force suggests the following as a guideline:

> *Students should be able to participate at every level in decisions which directly affect their lives.*

The Task Force believes that students have much more to contribute than many suppose, and that they should be given the chance to participate at the administrative level, at the financing level, and at what may be termed the "political" level. Students should participate through the medium of student organizations, and their participation should be continuous so that student representatives can develop judgment and experience in evaluating and planning, and in weighing complex questions.

The most direct approach would be to allow students to elect representatives to existing decision-making groups. Another approach would be to develop new decision-making groups that would devote themselves to adjudicating student grievances.

> *The Task Force recommends that students be given positions on financial aid policy-making groups at institutional, state and Federal levels. These positions should, so far as possible, be reserved to students elected by student government organizations and to student recipients of financial aid.*

At institutions, students should sit on admissions and aid committees. At the state level, they should sit on borads of the higher educational assistance agencies, including guaranteed loan agencies and state scholarship programs. At the Federal level, students should sit on USOE review and appeals panels.

The presence of students, especially if they are chosen from many different student groups, will keep the needs of different categories of students central to all discussions, and at the same time create another effective channel of communication between the aid system and its student clientele. Even without any particular background or expertise, students can be of assistance merely by giving first hand accounts of their own needs and of the weaknesses they perceive in the administration of financial aid. Time and experience will produce a pool of student expertise that can participate on more sophisticated levels. They will learn to speak on complex questions of financing aid; they will also, since they are students, perhaps be more sensitive and aware even than some of the regular administrators of the political aspects of financial aid.

The political aspects of financial aid are well understood on campus; they deserve a more realistic appreciation by the professionals in the financial aid system. This applies particularly to the importance of creating a firm coalition in support of postsecondary education. This kind of support can only come about through better communication with students, through the student newspapers on campuses, through the national media, and through the active interest of parents. In this larger sense, student participation in the financial aid process should help bring about a "national postsecondary educational community," with a unity of purpose and the motivation to make its opinions known to policy-makers and to all others responsible for financing postsecondary education.

Grievances and Appeals

Students need institutionalized avenues for seeking redress. New groups ought to be created for this purpose, since existing policy-making groups, whether or not they have student representatives, can hardly be expected to deal with individual students' grievances.

> *The Task Force recommends that every campus and state program establish clear and publicly documented procedures for appeals boards for the purposes of receiving student aid grievances, adjudicating them, and making recommendations to appropriate officials for redress of the grievances.*
>
> *The Task Force recommends that the agency charged with administration of the State Student Incentive Grant Program or other appropriate agency in each state establish a student aid policy review board for the purposes of receiving student aid grievances concerning the administration of all public aid programs with the state, whether they are institutional, state or Federal in origin, adjudicating these grievances, and making recommendations to appropriate officials for their redress.*

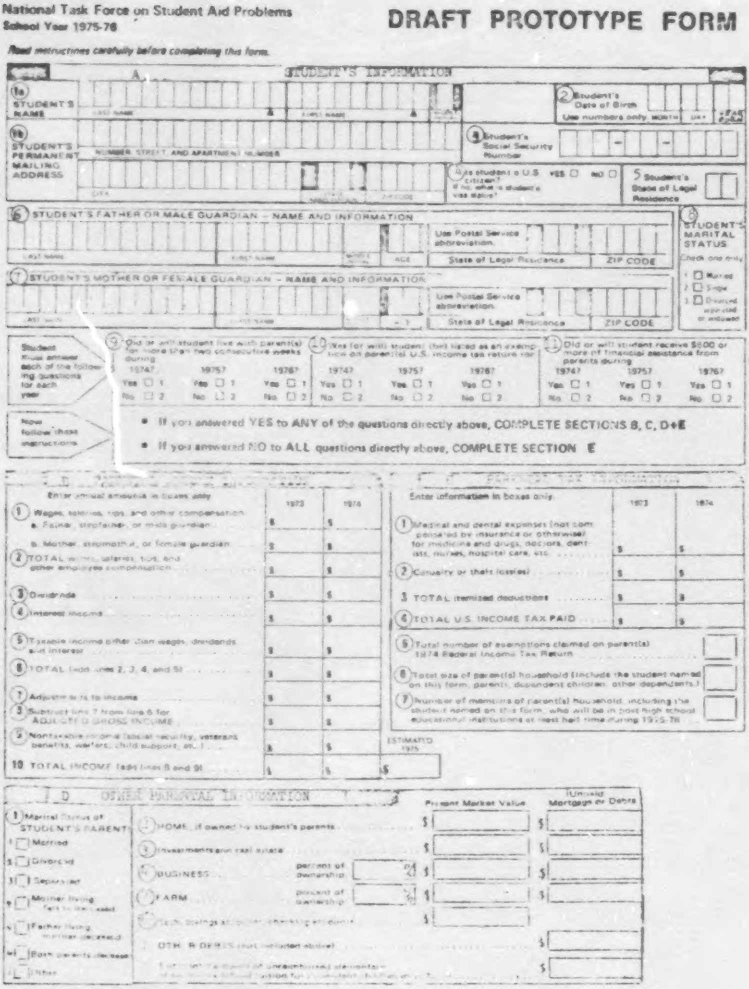
The boards should include as members students selected by the state agency from among the membership of the campus appeals boards within the state.

Written records of these boards should be made available to students and to the public on request. Annual reports of transactions should be distributed to all campus presidents, to the state association of student financial aid administrators, to the managers of all state-supported aid programs, to the USOE regional office, to the state higher education executive officers, and to the head of the state department of education.

These recommendations represent a deliberate departure from the traditional privacy of student aid decisions. The Task Force recognizes the risk that these grievance boards may expose aid administrators to public criticism, perhaps undeserved. Yet the Task Force maintains that the public has the right to know how public funds are being administered and that an open administration will ultimately prove more beneficial than harmful. More important, these boards will create channels for redressing individual grievances that do not now exist, and will thus render the student aid system more equitable. The dissemination of their records and case studies will also lead to the improvement of administrative policies, practices, and regulations.

Organizations Participating in the Task Force

American Association of Community and Junior Colleges
American Association of State Colleges and Universities
American College Testing Program
American Council on Education
Association of American Colleges
Association of Independent Colleges and Schools
Association of Jesuit Colleges and Universities
College Entrance Examination Board
Education Commission of the States
Educational Testing Service
El Congreso National de Asuntos Colegiales
Graduate and Professional Financial Aid Council
National Association for Equal Opportunity in Higher Education
National Association for Financial Aid for Minority Students
National Association of State Scholarship Programs
National Association of State Universities and Land Grant Colleges
National Association of Student Financial Aid Administrators
National Council of Higher Education Loan Programs
National Home Study Council
National Institute for Financial Aid Administration
National Scholarship Service and Fund for Negro Students
National Student Education Fund
National Student Lobby
National Merit Scholarship Program
State Higher Education Executive Officers
United Student Aid Funds



National Task Force on Student Aid Problems
School Year 1975-76

DRAFT PROTOTYPE FORM

Read instructions carefully before completing this form.

A STUDENT'S INFORMATION

1a STUDENT'S NAME — LAST NAME — FIRST NAME — M.I.

2 Student's Date of Birth — Use numbers only. MONTH — DAY — YEAR

1b STUDENT'S PERMANENT MAILING ADDRESS — NUMBER, STREET, AND APARTMENT NUMBER — CITY — STATE ABBREVIATION — ZIP CODE

3 Student's Social Security Number ☐☐☐-☐☐-☐☐☐☐

4 Is student a U.S. citizen? YES ☐ NO ☐
If no, what is student's visa status?

5 Student's State of Legal Residence

6 STUDENT'S FATHER OR MALE GUARDIAN — NAME AND INFORMATION
LAST NAME — FIRST NAME — MIDDLE INITIAL — AGE — Use Postal Service abbreviation. State of Legal Residence — ZIP CODE

7 STUDENT'S MOTHER OR FEMALE GUARDIAN — NAME AND INFORMATION
LAST NAME — FIRST NAME — MIDDLE INITIAL — AGE — Use Postal Service abbreviation. State of Legal Residence — ZIP CODE

8 STUDENT'S MARITAL STATUS
Check one only
1 ☐ Married
2 ☐ Single
3 ☐ Divorced, separated or widowed

Student must answer each of the following questions for each year

9 Did or will student live with parent(s) for more than two consecutive weeks during	1974? Yes ☐ 1 No ☐ 2	1975? Yes ☐ 1 No ☐ 2	1976? Yes ☐ 1 No ☐ 2
10 Was (or will) student (be) listed as an exemption on parental U.S. income tax return for	1974? Yes ☐ 1 No ☐ 2	1975? Yes ☐ 1 No ☐ 2	1976? Yes ☐ 1 No ☐ 2
11 Did or will student receive $600 or more of financial assistance from parents during	1974? Yes ☐ 1 No ☐ 2	1975? Yes ☐ 1 No ☐ 2	1976? Yes ☐ 1 No ☐ 2

Now follow these instructions

- If you answered YES to ANY of the questions directly above, COMPLETE SECTIONS B, C, D+E
- If you answered NO to ALL questions directly above, COMPLETE SECTION E

B [illegible]

Enter annual amounts in boxes only

	1973	1974	
1 Wages, salaries, tips, and other compensation a. Father, stepfather, or male guardian	$	$	
b. Mother, stepmother, or female guardian	$	$	
2 TOTAL wages, salaries, tips, and other employee compensation	$	$	
3 Dividends	$	$	
4 Interest income	$	$	
5 Taxable income other than wages, dividends and interest	$	$	
6 TOTAL (add lines 2, 3, 4, and 5)	$	$	
7 Adjustments to income	$	$	
8 Subtract line 7 from line 6 for ADJUSTED GROSS INCOME	$	$	
9 Nontaxable income (social security, veterans benefits, welfare, child support, etc.)	$	$	ESTIMATED 1975
10 TOTAL INCOME (add lines 8 and 9)	$	$	$

C PARENTS' TAX INFORMATION

Enter information in boxes only

	1973	1974
1 Medical and dental expenses (not compensated by insurance or otherwise) for medicine and drugs, doctors, dentists, nurses, hospital care, etc.	$	$
2 Casualty or theft loss(es)	$	$
3 TOTAL itemized deductions	$	$
4 TOTAL U.S. INCOME TAX PAID	$	$

5 Total number of exemptions claimed on parent(s) 1974 Federal Income Tax Return ☐

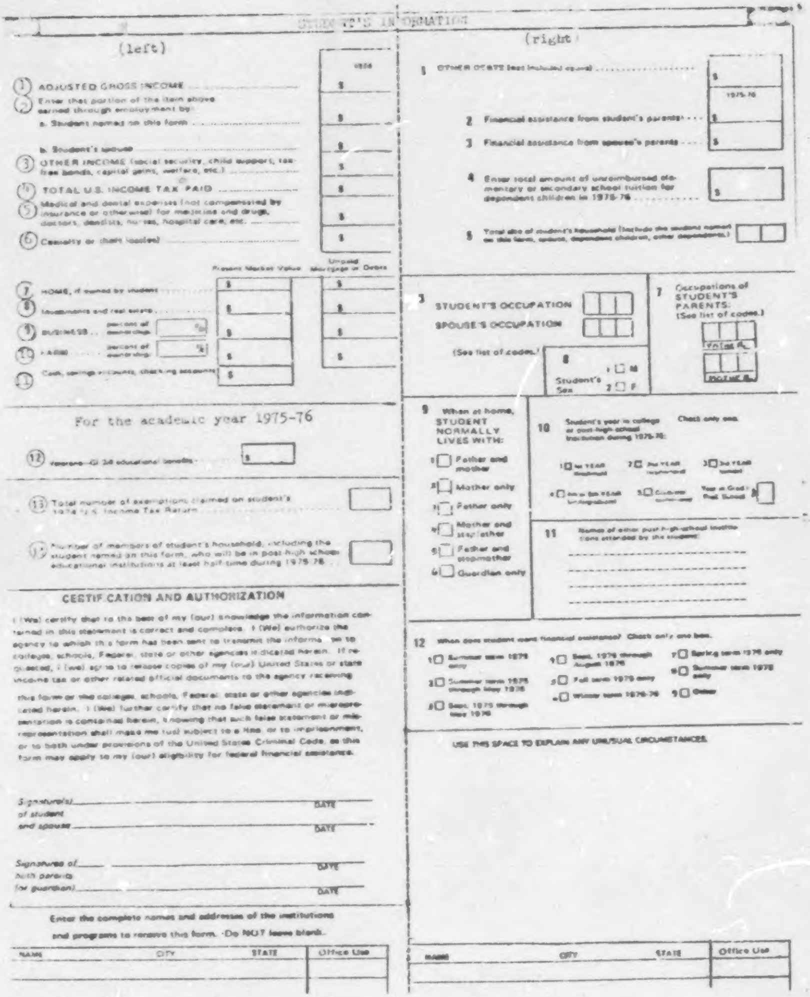
6 Total size of parent(s) household (include the student named on this form, parents, dependent children, other dependents.) ☐

7 Number of members of parent(s) household, including the student named on this form, who will be in post high school educational institutions at least half time during 1975-76 ☐

D OTHER PARENTAL INFORMATION

1 Marital Status of STUDENT'S PARENTS
1 ☐ Married
2 ☐ Divorced
3 ☐ Separated
4 ☐ Mother living, father deceased
5 ☐ Father living, mother deceased
6 ☐ Both parents deceased
7 ☐ Other

		Present Market Value	(Unpaid) Mortgage or Debts
2 HOME, if owned by student's parents		$	$
3 Investments and real estate		$	$
4 BUSINESS	percent of ownership %	$	$
5 FARM	percent of ownership %	$	$
6 Cash, savings and checking accounts		$	
7 OTHER DEBTS (not included above)			$
8 [illegible] unreimbursed elementary or secondary school tuition for dependent children [illegible]			$



STUDENT'S INFORMATION

(left)

1974

① ADJUSTED GROSS INCOME .... $

② Enter that portion of the item above earned through employment by:

a. Student named on this form .... $

b. Student's spouse .... $

③ OTHER INCOME (social security, child support, tax-free bonds, capital gains, welfare, etc.) .... $

④ TOTAL U.S. INCOME TAX PAID .... $

⑤ Medical and dental expenses (not compensated by insurance or otherwise) for medicine and drugs, doctors, dentists, nurses, hospital care, etc. .... $

⑥ Casualty or theft loss(es) .... $

	Present Market Value	Unpaid Mortgage or Debts
⑦ HOME, if owned by student	$	$
⑧ Investments and real estate	$	$
⑨ BUSINESS ... percent of ownership ____%	$	$
⑩ FARM ... percent of ownership ____%	$	$
⑪ Cash, savings accounts, checking accounts	$	

For the academic year 1975-76

⑫ Veterans—GI Bill educational benefits .... $

⑬ Total number of exemptions claimed on student's 1974 U.S. Income Tax Return .... ☐

⑭ Number of members of student's household, including the student named on this form, who will be in post-high school educational institutions at least half time during 1975-76 .... ☐

CERTIFICATION AND AUTHORIZATION

I (We) certify that to the best of my (our) knowledge the information contained in this statement is correct and complete. I (We) authorize the agency to which this form has been sent to transmit the information to colleges, schools, Federal, state or other agencies indicated herein. If requested, I (we) agree to release copies of my (our) United States or state income tax or other related official documents to the agency receiving this form or the colleges, schools, Federal, state or other agencies indicated herein. I (We) further certify that no false statement or misrepresentation is contained herein, knowing that such false statement or misrepresentation shall make me (us) subject to a fine, or to imprisonment, or to both under provisions of the United States Criminal Code, as this form may apply to my (our) eligibility for federal financial assistance.

Signature(s) of student and spouse ______________________ DATE
______________________ DATE

Signatures of both parents (or guardian) ______________________ DATE
______________________ DATE

Enter the complete names and addresses of the institutions and programs to receive this form. Do NOT leave blank.

NAME	CITY	STATE	Office Use

(right)

1 OTHER DEBTS (not included above) .... $

1975-76

2 Financial assistance from student's parents .... $

3 Financial assistance from spouse's parents .... $

4 Enter total amount of unreimbursed elementary or secondary school tuition for dependent children in 1975-76 .... $

5 Total size of student's household (include the student named on this form, spouse, dependent children, other dependents.) ☐☐

6 STUDENT'S OCCUPATION ☐☐☐
SPOUSE'S OCCUPATION ☐☐☐
(See list of codes.)

7 Occupations of STUDENT'S PARENTS: (See list of codes.)
☐☐☐ FATHER
☐☐☐ MOTHER

8 Student's Sex
1 ☐ M
2 ☐ F

9 When at home, STUDENT NORMALLY LIVES WITH:
1 ☐ Father and mother
2 ☐ Mother only
3 ☐ Father only
4 ☐ Mother and stepfather
5 ☐ Father and stepmother
6 ☐ Guardian only

10 Student's year in college or post-high school institution during 1975-76: Check only one.
1 ☐ 1st YEAR (freshman)
2 ☐ 2nd YEAR (sophomore)
3 ☐ 3rd YEAR (junior)
4 ☐ 4th or 5th YEAR (undergraduate)
5 ☐ Graduate (professional)
Year in Grad./Prof. School 6 ☐

11 Names of other post-high-school institutions attended by the student:
____
____
____
____

12 When does student want financial assistance? Check only one box.
1 ☐ Summer term 1975 only
2 ☐ Summer term 1975 through May 1976
3 ☐ Sept. 1975 through May 1976
4 ☐ Sept. 1975 through August 1976
5 ☐ Fall term 1975 only
6 ☐ Winter term 1975-76
7 ☐ Spring term 1976 only
8 ☐ Summer term 1976 only
9 ☐ Other

USE THIS SPACE TO EXPLAIN ANY UNUSUAL CIRCUMSTANCES.

NAME	CITY	STATE	Office Use

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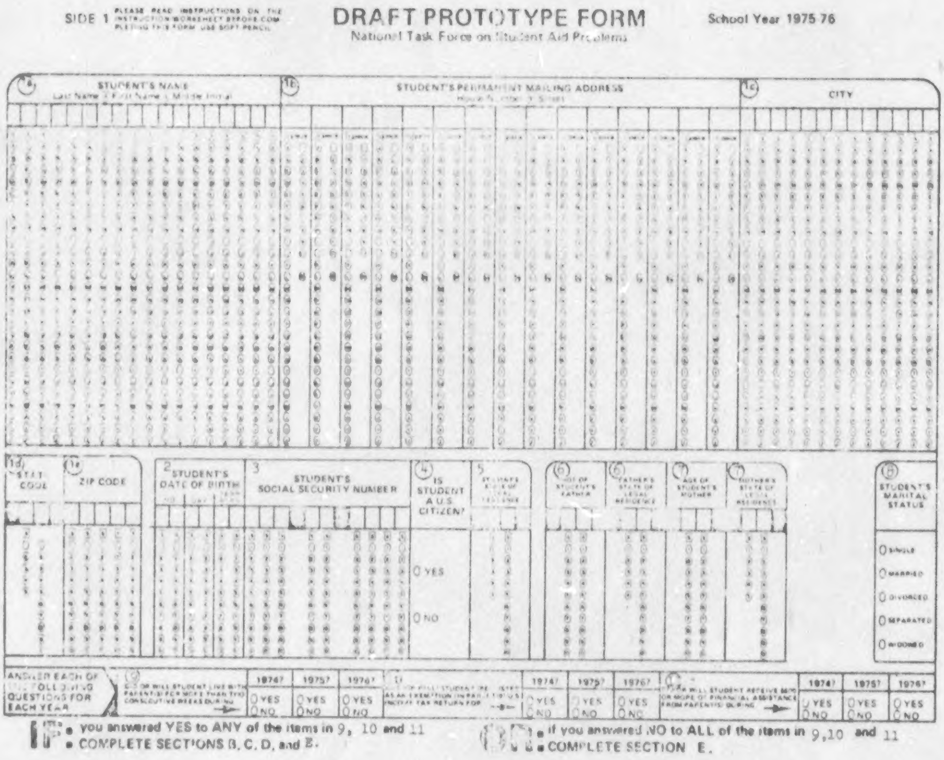


SIDE 1 PLEASE READ INSTRUCTIONS ON THE INSTRUCTION WORKSHEET BEFORE COMPLETING THIS FORM. USE SOFT PENCIL.

DRAFT PROTOTYPE FORM

National Task Force on Student Aid Problems

School Year 1975-76

1a STUDENT'S NAME Last Name, First Name, Middle Initial

1b STUDENT'S PERMANENT MAILING ADDRESS House Number, Street

1c CITY

1d STATE CODE

1e ZIP CODE

2 STUDENT'S DATE OF BIRTH MO DAY YEAR

3 STUDENT'S SOCIAL SECURITY NUMBER

4 IS STUDENT A U.S. CITIZEN? ○ YES ○ NO

5 STUDENT'S STATE OF LEGAL RESIDENCE

6 AGE OF STUDENT'S FATHER

6 FATHER'S STATE OF LEGAL RESIDENCE

7 AGE OF STUDENT'S MOTHER

7 MOTHER'S STATE OF LEGAL RESIDENCE

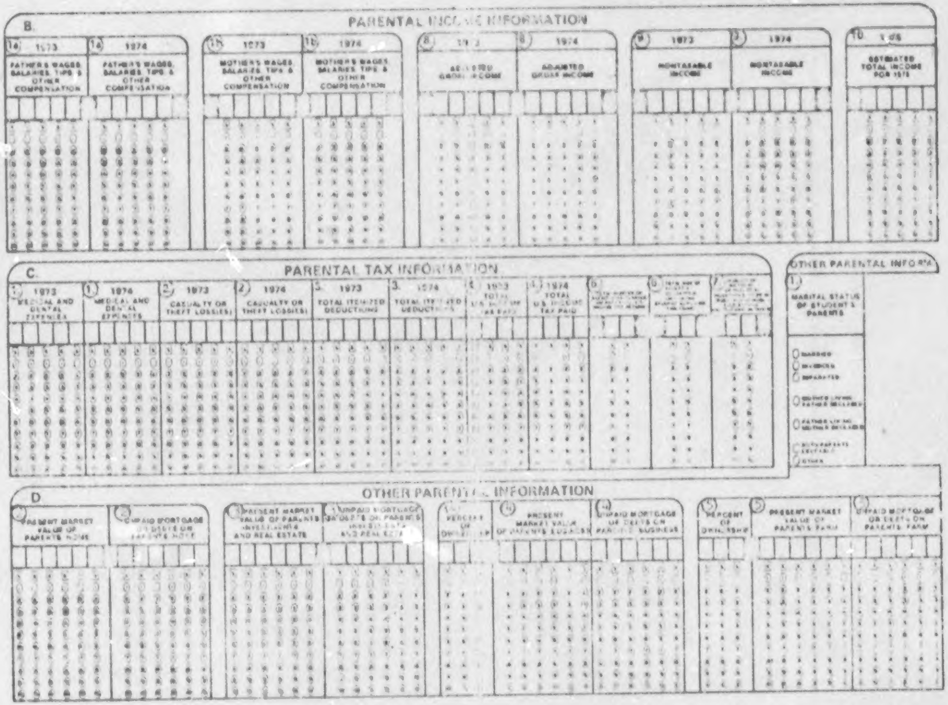
8 STUDENT'S MARITAL STATUS ○ SINGLE ○ MARRIED ○ DIVORCED ○ SEPARATED ○ WIDOWED

ANSWER EACH OF THE FOLLOWING QUESTIONS FOR EACH YEAR

	1974?	1975?	1976?
9 DID OR WILL STUDENT LIVE WITH PARENT(S) FOR MORE THAN TWO CONSECUTIVE WEEKS DURING →	○ YES ○ NO	○ YES ○ NO	○ YES ○ NO
10 DID OR WILL STUDENT BE LISTED AS AN EXEMPTION ON PARENT(S)' U.S. INCOME TAX RETURN FOR →	○ YES ○ NO	○ YES ○ NO	○ YES ○ NO
11 DID OR WILL STUDENT RECEIVE $600 OR MORE OF FINANCIAL ASSISTANCE FROM PARENT(S) DURING →	○ YES ○ NO	○ YES ○ NO	○ YES ○ NO

- If you answered YES to ANY of the items in 9, 10 and 11
- COMPLETE SECTIONS B, C, D, and E.

- If you answered NO to ALL of the items in 9, 10 and 11
- COMPLETE SECTION E.



B. PARENTAL INCOME INFORMATION

14 1973 FATHER'S WAGES, SALARIES, TIPS & OTHER COMPENSATION

14 1974 FATHER'S WAGES, SALARIES, TIPS & OTHER COMPENSATION

15 1973 MOTHER'S WAGES, SALARIES, TIPS & OTHER COMPENSATION

15 1974 MOTHER'S WAGES, SALARIES, TIPS & OTHER COMPENSATION

8 1973 ADJUSTED GROSS INCOME

8 1974 ADJUSTED GROSS INCOME

9 1973 NONTAXABLE INCOME

9 1974 NONTAXABLE INCOME

10 1975 ESTIMATED TOTAL INCOME FOR 1975

C. PARENTAL TAX INFORMATION

1 1973 MEDICAL AND DENTAL EXPENSES

1 1974 MEDICAL AND DENTAL EXPENSES

2 1973 CASUALTY OR THEFT LOSS(ES)

2 1974 CASUALTY OR THEFT LOSS(ES)

3 1973 TOTAL ITEMIZED DEDUCTIONS

3 1974 TOTAL ITEMIZED DEDUCTIONS

4 1973 TOTAL U.S. INCOME TAX PAID

4 1974 TOTAL U.S. INCOME TAX PAID

5

6

7

OTHER PARENTAL INFORMATION

1 MARITAL STATUS OF STUDENT'S PARENTS

○ MARRIED
○ DIVORCED
○ SEPARATED
○ MOTHER LIVING FATHER DECEASED
○ FATHER LIVING MOTHER DECEASED
○ BOTH PARENTS DECEASED
○ OTHER

D OTHER PARENTAL INFORMATION

PRESENT MARKET VALUE OF PARENTS HOME

UNPAID MORTGAGE OR DEBTS ON PARENTS HOME

3 PRESENT MARKET VALUE OF PARENTS INVESTMENTS AND REAL ESTATE

3 UNPAID MORTGAGE OR DEBTS ON PARENTS INVESTMENTS AND REAL ESTATE

PERCENT OF OWNERSHIP

4 PRESENT MARKET VALUE OF PARENTS BUSINESS

4 UNPAID MORTGAGE OR DEBTS ON PARENTS BUSINESS

5 PERCENT OF OWNERSHIP

5 PRESENT MARKET VALUE OF PARENTS FARM

5 UNPAID MORTGAGE OR DEBTS ON PARENTS FARM

SIDE 2

SIDE 3

OTHER PARENTAL INFORMATION (cont'd)

⑥ CASH, SAVINGS ACCOUNTS CHECKING ACCOUNTS	7 OTHER DEBTS	8 [illegible]

E. STUDENT'S INFORMATION

① 1974 ADJUSTED GROSS INCOME	②a 1974 STUDENT'S PORTION	②b 1974 SPOUSE'S PORTION	③ 1974 OTHER INCOME	④ 1974 TOTAL U.S. INCOME TAX PAID	⑤ 1974 MEDICAL AND DENTAL EXPENSES	⑥ 1974 CASUALTY OR THEFT LOSS(ES)

⑦ PRESENT MARKET VALUE OF STUDENT'S HOME	⑦ UNPAID MORTGAGE OR DEBTS ON STUDENT'S HOME	⑧ PRESENT MARKET VALUE OF STUDENT'S INVESTMENTS AND REAL ESTATE	⑧ UNPAID MORTGAGE OR DEBTS ON STUDENT'S INVESTMENTS AND REAL ESTATE	⑨ PERCENT OF OWNERSHIP	⑨ PRESENT MARKET VALUE OF STUDENT'S BUSINESS	⑨ UNPAID MORTGAGE OR DEBTS ON STUDENT'S BUSINESS	⑩ PERCENT OF OWNERSHIP	⑩ PRESENT MARKET VALUE OF STUDENT'S FARM	⑩ UNPAID MORTGAGE OR DEBTS ON STUDENT'S FARM

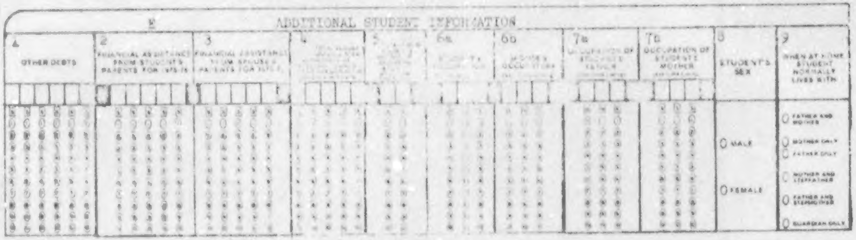
⑪ CASH, SAVINGS ACCOUNTS, CHECKING ACCOUNTS	⑫ VETERAN'S GI BILL EDUCATIONAL BENEFITS FOR 1975-76	⑬ [illegible]	⑭ [illegible]

CERTIFICATION AND AUTHORIZATION

I (We) certify that to the best of my (our) knowledge the information contained in this statement is correct and complete. I (We) authorize the agency to which this form has been sent to transmit the information to colleges, schools, Federal, state or other agencies indicated herein. If requested, I (we) agree to release copies of my (our) United States or state income tax or other related official documents to the agency receiving this form or the colleges, schools, Federal, state or other agencies indicated herein. I (We) further certify that no false statement or misrepresentation is contained herein, knowing that such false statement or misrepresentation shall make me (us) subject to a fine, or to imprisonment, or to both under provisions of the United States Criminal Code, as this form may apply to my (our) eligibility for federal financial assistance.

Signature(s) of student and spouse ______________________ Date
______________________ Date

Signatures of both parents (or guardian) ______________________ Date
______________________ Date



E

ADDITIONAL STUDENT INFORMATION

1 OTHER DEBTS

2 FINANCIAL ASSISTANCE FROM STUDENT'S PARENTS FOR 1975-76

3 FINANCIAL ASSISTANCE FROM SPOUSE'S PARENTS FOR [illegible]

4 [illegible]

5 [illegible]

6a [illegible]

6b [illegible]

7a OCCUPATION OF STUDENT'S FATHER

7b OCCUPATION OF STUDENT'S MOTHER

8 STUDENT'S SEX

○ MALE

○ FEMALE

9 WHEN AT HOME STUDENT NORMALLY LIVES WITH

○ FATHER AND MOTHER

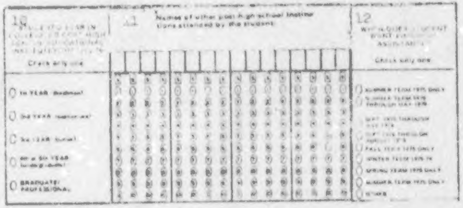
○ MOTHER ONLY

○ FATHER ONLY

○ MOTHER AND STEPFATHER

○ FATHER AND STEPMOTHER

○ GUARDIAN ONLY



10 STUDENT'S YEAR IN COLLEGE OR OTHER POST HIGH SCHOOL EDUCATIONAL INSTITUTION 1975-76

Check only one

○ 1st YEAR (freshman)

○ 2nd YEAR (sophomore)

○ 3rd YEAR (junior)

○ 4th or 5th YEAR (undergraduate)

○ GRADUATE/PROFESSIONAL

11 Names of other post high school institutions attended by the student

12 WHEN DOES STUDENT WANT FINANCIAL ASSISTANCE?

Check only one

○ SUMMER TERM 1975 ONLY

○ SUMMER TERM 1975 THROUGH MAY 1976

○ SEPT. 1975 THROUGH MAY 1976

○ SEPT. 1975 THROUGH AUGUST 1976

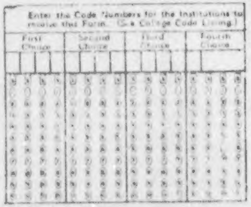
○ FALL TERM 1975 ONLY

○ WINTER TERM 1975-76

○ SPRING TERM 1976 ONLY

○ SUMMER TERM 1976 ONLY

○ OTHER



Enter the Code Numbers for the Institutions to receive this Form. (See College Code Listing.)

First Choice

Second Choice

Third Choice

Fourth Choice

Use this space to explain any unusual circumstances:

SIDE 4

GENERAL INFORMATION AND INSTRUCTIONS FOR COMPLETING THE FORM - READ CAREFULLY

This form has been designed so that the information requested can be used by a variety of services, programs and institutions to evaluate your need for financial aid for the 1975-76 academic year. While not all items requested are needed to determine your eligibility for aid, each item is important for the proper processing of the form. We have tried to make the job of filing easier by asking you to gather the information just once for a wide range of programs. Since academic institutions and State programs use different services to evaluate need, you must take care to send the completed form to the proper service agency which processes them for the institution(s) you plan to attend. Since you may be applying to two or more institutions and programs using different services, you may have to mail more than one copy of the form. A coded list of institutions and programs has been included so that you can identify the appropriate codes for the institutions or programs which should receive reports and analyses based on your application. Use it to identify the appropriate service agency which will process this form. If you are applying for the BEOG Program only, complete the form through the bottom of the left-hand side of page 2, and be certain to enter "BEOG" in the last item on that side of the page. Tear off the completed sections at the perforation and mail to the BEOG processor identified in the codes. There is no charge for processing your BEOG application. If you are applying for additional aid programs, the agency which receives your information can send the necessary data to the BEOG processor so long as you identify "BEOG" as one of the programs to receive reports on this form.

As you complete the form be certain that you have read the instructions carefully and fully understand what information is being requested. In some instances, your answer to one question will determine how you must answer others. Be certain that you:

1) Print all entries, preferably in dark ink, except in the "mark sense" section, where you must use an ordinary #2 pencil;
2) Enter information only in the spaces provided;
3) Enter dollar amounts rounded to the nearest dollar...do not enter cents;
4) Fill in all spaces where dollar amounts are requested. If there is no amount to be entered, enter zeros;
5) Estimate dollar amounts if actual amounts are not available;
6) Provide all information requested of you, your spouse and your parents;
7) Sign and date the form. Please be sure to enclose a check or money order, payable to the appropriate service listed in the codes, if such a fee is in order. THERE IS NO CHARGE FOR YOUR BEOG PROGRAM APPLICATION PROCESSING;
8) Check to make certain that you have properly identified the service or services, program(s) or institution(s) to receive this form and reports.

If the institution or program to which you are applying is identified in the code listing as using the services of one of the need analysis service agencies, you must submit a copy of the form to the appropriate agency (please note whether the mark-sense section must be filed with the agency) and send a fee along with the form for the number of institutions and programs which will receive reports from the agency.

COMPLETING THE FORM

ALL STUDENTS MUST COMPLETE SECTIONS "A" AND "E"...YOUR ANSWERS TO THE LAST THREE QUESTIONS IN SECTION "A" DETERMINE HOW YOU ARE TO COMPLETE OTHER SECTIONS OF THE FORM. IF YOU ARE PLANNING TO ATTEND INSTITUTIONS CODED AS____OR PROGRAMS CODED AS____, ARE REQUIRED TO SUBMIT YOUR FORM TO SERVICE " " OR ARE AN APPLICANT FOR ONE OF THE HEALTH PROFESSIONS STUDENT AID PROGRAMS, YOU ARE REQUIRED TO PROVIDE INFORMATION IN ALL SECTIONS OF THE FORM AND SUBMIT THE FORM AS INSTRUCTED.

SECTION A

Fill in all items as requested.

II

1b/6 Your permanent mailing address will be used to communicate with you and your family. Use the Postal Service standard abbreviation when identifying your State. Use also when you identify your State of legal residence. If you are dependent upon one or both parents or guardians, and you do not claim separate legal residence, your State of legal residence is the same as that of the parent(s) or guardian(s) with whom you last lived. (The Postal Service codes are in the code list.)

With respect to questions 9, 10 & 11, the following information is requested:
9 - Did you live with your parent(s), or do you plan to do so, during 1974, 75, 76? Check as appropriate. You must check YES if you lived at home for any period of more than two consecutive weeks during that year;
10 - Were you or will you be listed as an exemption on your parents' U.S. Income Tax Return for 1974, 75, 76? Check as appropriate;
11 - Did you or do you expect to receive more than $600 in financial assistance from your parent(s) in 1974, 75, 76? Check as appropriate. Included under financial assistance are such items as room and board for periods you lived at home, clothes, medical and dental care, cash gifts and the cost of education. Estimate the value of these to determine your answers.

IF YOU ANSWERED "YES" TO ANY OF THE ITEMS IN QUESTIONS 9, 10 OR 11, YOU MUST COMPLETE SECTIONS B, C & D; IF YOU ANSWERED "NO" TO ALL OF THE ITEMS IN QUESTIONS 9, 10 AND 11, YOU MUST COMPLETE ONLY SECTION E.

SECTION B

Your parent(s) must provide all of the information requested. In providing income information, they must use the actual figures used on their U.S. Income Tax Return or the actual figures which will be used when the U.S. Income Tax Return is filed. If your parents are separated or divorced, only information which applies to the parent who provides the largest amount of your support should be submitted.

For 1973 and 1974...
1a - Enter the amount of "wages, salaries, tips and other employee compensation" for
1b working parent from the appropriate line of the U.S. Income Tax Return. If the 1974 return is not yet filed, use the actual figures which will be filed.
2 - Total these. If both parents work, but do not file joint returns, total the amounts from their separate returns (1040, line 9; 1040A, line 9).
3,4 - Enter total dividends and interest from the tax return (1040, lines 10c & 11; 1040A, lines 10c & 11).
5 - Enter taxable income other than amounts from 1040 or 1040A, lines 9. This includes pensions, alimony received, business or farm profit, rental or property income, appreciation or capital gains, annuities, endowments and estate or trust income (1040, line 12).
6 - Total items above.
7 - Enter total of "adjustments to income" from U.S. Income Tax Return (1040, line 14).
8 - Subtract line 7 from line 6 (1040, line 15).
9 - Enter total of non-taxable income. This includes all social security benefits, VA benefits except those received as educational benefits by the student filing this form, welfare benefits, child support, gifts, inheritances, bequests, military subsistence and quarters allowances, allotments, aid from friends or relatives and other untaxed income.
10 - Total lines 8 & 9.
- Provide an estimated total for 1975.

SECTION C

For 1973 and 1974...
1 - Enter parents' medical and dental expenses as itemized on their U.S. Income Tax Return (lines 2+6, 1040 schedule A) or, if they either took standard deductions or did not file a return, enter the actual amount of their medical expenses not covered

by insurance. These include costs for medicines, prescription drugs and vaccines, hospitals, doctors, dentists and nurses, false teeth, eyeglasses, medical and surgical aids, ambulance and travel necessary to get medical care.

2 - Enter their casualty and theft losses reported on line 29 of schedule A, form 1040. If they took standard deductions or did not file a return, determine the amount of each loss not covered by insurance, due to theft or property lost or damaged by fire, storm, car accident, shipwrecks, etc., subtract $100 from the amount of each loss, total the net amount of each such loss and enter the sum.

3 - Enter total itemized deductions from schedule A, form 1040.

4 - Enter total U.S. Income Tax paid or to be paid (1040, line 22; 1040A, line 19).

5 - Enter total number of exemptions claimed on line 7 of form 1040 or 1040 A. If your parents filed separately, total the exemptions claimed by each.

6 - Enter the total size of your parents' household. Inlcude yourself, parents and children dependent on your parents for more than ½ their support. Include other persons related to parents or living with them for whom they provide more than ½ support.

7 - Enter the number of members of parents' household, including yourself, who will be attending schools after high school during the academic year 1975-76. Include only those who will attend at least half-time.

SECTION D

1 - Enter appropriate information about parents' mar'tal status.

2 - Enter the estimated present market value of parants' home.
- Enter the amount of present unpaid mortgage or related debts on parents' home.

3 - Enter the sum of estimated market value of other real estate (report farm and business in item 5) and the total market value of other investments, including stocks, bonds and other securities. .
- Enter the sum of present unpaid mortgage or related debts on that real estate and the amount of debts against parents' investments.

4,5 - Enter the % of ownership by parents of any business and farm, separately. Also enter the market value of parents' business and farm (including buildings, machinery, etc.). Do not inclu'e their home if it was listed above.
- Enter the amount of unpaid mortgage or related debts on business and farm. If parents own a part of business and/or farm, enter only the value of their % of ownership and their % share of the unpaid mortgage or other debts.

7 - Enter the total of other debts not identified above other than educational and automobile loans.

SECTION E - [illegible]

You must provide all of the information requested. In providing income information, you must use the actual figures used on your (and your spouse's) U.S. Income Tax Return or the actual figures which will be used when the U.S. Income Tax Return is filed.

For the tax year 1974, enter from form 1040 or 1040A:

1 - Total adjusted gross income (1040, line 15; 1040A, line 12).

2a/b - That portion of adjusted gross income earned by yourself and spouse, separately.

3 - Total other income of yourself and spouse (non-taxable...see instructions for item B9).

4 - Total U.S. Income Tax paid or to be paid (1040, line 22; 1040A, line 19).

5 - Medical and dental expenses (see instructions for item C1).

6 - Casualty or theft losses (see instructions for item C2).

7 - Enter the estimated present market value of your home.
- Enter the amount of present unpaid mortgage or related debts on your home.

IV

8 - Enter the sum of estimated market value of other real estate (report farm and business in item 35) and the total market value of other investments, including stocks, bonds and other securities owned by you and/or spouse.
- Enter the sum of present unpaid mortgage or related debts on that real estate and the amount of debts against your investments.

9/ 10 - Enter the % of ownership by you and spouse of any business and farm. Enter the market value of such business and farm (including buildings, machinery, etc.). Do not include your home if it was listed above.
- Enter the amount of unpaid mortgage or related debts on business and farm. If you and/or spouse own a part of business or farm, enter only the value of your % of ownership and only your % share of the unpaid mortgage or other debt.

12 - Enter the dollar amount of VA benefits you will receive during the number of months you will be enrolled between 7/1/75 and 6/30/76.

13 - Enter the total number of exemptions claimed on line 7 of form 1040 or 1040A. If you and your spouse filed separately, total the exemptions claimed by each.

14 - Enter the number of members of your household, including yourself, who will be attending schools beyond high school during the 1975-76 academic year. Include only those who will attend at least half-time.

You (your spouse, parent(s) or guardian(s), where applicable) must read the certification and authorization and sign and date this form.

You must then identify the names and addresses of institutions and programs to receive this form or results in accordance with the information above and in the code listing which will provided.

IF YOU ARE APPLYING ONLY FOR THE BEOG PROGRAM DO NOT COMPLETE SECTION E - RIGHT.
SIMPLY TEAR OFF THE FORM AT THE PERFORATION AND MAIL TO THE BEOG PROCESSOR.
IF YOU ARE APPLYING FOR ANY OTHER PROGRAM COMPLETE SECTION E - RIGHT BEFORE MAILING.

SECTION E - RIGHT

1 - Enter the total of other debts not identified above other than educational and automobile loans.

2,3 - Enter the amount of financial assistance to be received from your parent(s) or spouse's parent(s) during the 1975-76 academic year.

5 - Enter the total size your household. Include yourself, spouse and children dependent upon you and/or spouse for more than ½ their support. Include other persons related to or living with you for whom you and/or spouse provide more than ½ support.

6,7 - Refer to occupational codes in code listing for these items.

10, - Check the year of college in which you will be enrolled during the academic year
11, 1975-76. List the names of all other schools you attended after high school and
12 identify the period during the academic year 1975-75 (7/1/75-6/30/76) for which you
are seeking financial assistance.

CHECK TO SEE THAT ALL REQUIRED INFORMATION IS FILLED OUT CORRECTLY AND IS LEGIBLE. MAKE CERTAIN THAT YOU HAVE COMPLETED ALL OF THE SECTIONS WHICH YOU ARE REQUIRED TO COMPLETE. BE CERTAIN THAT YOU HAVE ANSWERED ALL QUESTIONS IN EACH SUCH SECTION.

THE FORM MUST BE SIGNED BY YOU, SPOUSE AND PARENT(S) OR GUARDIAN(S) WHERE APPROPRIATE

DOUBLE CHECK THE PROGRAM LISTINGS AND ADDRESSES BEFORE YOU MAIL THE FORM(S).

APPENDIX

A Description of the Consensus Model For Determination of Parental Ability to Pay

The purpose of this paper is to describe the proposed system for a uniform methodology for measuring parental ability to pay for postsecondary educational costs developed by the American College Testing Program and the College Scholarship Service in cooperation with the Task Force.

The movement toward a uniform methodology of determining parental ability to pay to be used over time by all institutions and agencies awarding student aid funds is consistent with the goals and objectives of both ACT and CSS. In addition, the proposed methodology brings into being several characteristics long considered desirable by many student aid administrators and agencies awarding student aid funds -- namely, a simplified system in which the methodology can be readily understood by the users and in which accuracy of information is retained.

The development and maintenance of a methodology for the measuring of parental ability to pay will continue to be important as long as the primary purpose of student aid programs is to permit attendance at postsecondary institutions by students who cannot afford to pay the expenses themselves. The desired equity in the awarding of student aid can only be achieved through the widespread application of a consistent method for measuring the ability of families to pay for educational costs.

Assumptions

The proposed uniform standard is based on the same general assumptions as the current CSS and ACT need analysis systems. The underlying principle of the proposed national standard is that parents have an obligation to finance the education of their children to the extent that they are able.

Another general assumption presumes acceptance of the family in its present financial condition. Any system that analyzes financial need must deal first with the objective facts of family financial circumstance. It cannot make distinctions between the frugal and the spendthrifty. It cannot distinguish between improvidence and financial hardship.

The proposed uniform standard attempts to treat all families equitably, recognizing the peculiarities of each family's situation that contribute to differences in ability to pay. In determining a family's ability to pay for postsecondary education, the computation system must consider the size of the family and the extraordinary expenses that the family may have. The system must consider special family circumstances such as age, marital status, and the number of working parents, as these factors alter a family's financial strength.

The uniform standard considers both the income and assets of parents in deriving their true financial strength. A family's income is the primary source of support for postsecondary education, but its accumulated assets must also be considered. Income and assets, combined, produce the most comprehensive index of a family's financial strength and therefore its ability to pay. The system recognizes certain expenses and expenditures that are not a matter of family choice, but do not make adjustments in estimates of financial strength because of differences in family situations that result from family choice. For example, a family that owes a large debt on an automobile is treated identically with a family that owns a fully paid-for model. Even though the first family has a debt and is required to allocate more of its income to paying that debt, the purchase of the automobile generally reflects family choice, so this obligation is not considered in the estimate.

There may well be complexities in a relatively small number of individual family financial circumstances and differences in attitudes toward education that will require that aid administrators consider adjustments if appropriate for specific families. When doing this they should evaluate both the objective and subjective information available to them from all sources.

Concept of Effective Income

Basic to the proposed uniform methodology is the concept that certain levels of income and assets are required to provide for the economic necessities of the family, and that income and assets above these levels are available, in varying amounts, for institution of postsecondary education.

The proposed uniform methodology for measuring parental ability to pay uses a concept of "effective income" in its procedures for calculating the parental contribution for educational expenses. Effective income, in this case, is defined as that income available to the family for the provision of its economic wants after allowance against the parents' total taxable and nontaxable income has been made for the following expenses:

1. Federal income and F.I.C.A. taxes paid
2. Medical and dental expenses claimed for tax purposes (excluding medical insurance)
3. Casualty losses claimed for tax purposes
4. Housekeeping allowance (if appropriate)

An allowance is made for Federal income and employment taxes (social security) because these are mandatory taxes that are generally equally applicable to citizens in the United States and its possessions. The payment of such taxes reduces funds available for other economic wants. One might reasonably ask why other taxes such as state and local taxes and real estate and sales taxes are not similarly deducted in the proposed uniform methodology. Studies by public finance economists, for example Richard Musgrave and Joseph Pechman, as well as annual studies conducted by the National Tax

Institute, indicate that for various income classes and within the various states, the total burden of other taxes tends to be distributed fairly uniformly by income groups. That is to say, a given income group in California whose taxes are on income, excise, property, and sales will have the same relative tax obligation as a similar income group in New Jersey where the predominant taxes are on property, excise, and sales. It is recognized that the collection of exact tax information within each locality and state for individual families would be an extremely difficult task and pose great problems with respect to accuracy of the information collected. On the other hand, to allow for certain taxes and to exclude other types would be to provide inequitable treatment to certain families, considering the fact of the uniformity of the overall tax burden. In the proposed methodology, provision is made for the average burden of state and local property, sales, and excise taxes through the determination of the rate of contribution from effective income.

An allowance is made in the uniform standard for provision of unusual medical and dental expenses. In an effort to enhance the accuracy of the information reported, the proposed uniform methodology uses those medical and dental expenses (excluding medical insurance) allowable as a deduction for Federal income tax purposes. Since provision for basic medical expenses (including medical insurance) for families is made in the Bureau of Labor Statistics (BLS) standard of living to be discussed later in this paper, such expenses that are allowable for income tax purposes more closely approximate unusual or extraordinary expenses to a family. Using the deduction claimed for income tax purposes will result in a reliable, commonly understood allowance procedure.

Special allowances are also given for extraordinary expenses that are not normal to everyday family life and reduce a family's usable income. The allowable expenses in this category are those associated with "acts of God." These are expenditures of a casualty nature that are not foreseen and do not arise from an act of consumer choice. Again, in order to retain the validity of the information reported and to minimize confusion about the terminology of "unusual expenses," the proposed uniform methodology uses those deductions for casualty losses that are claimed for Federal income tax purposes.

In addition to these deductions in the proposed uniform methodology, allowance is made for housekeeping expenses where there are two working parents or where there is a single parent. This allowance is 50 percent of the lesser income or $1,500, whichever is less. This allowance is meant to adjust income for the additional employment expenses incurred by families that do not have the advantage of a nonemployed parent. When parents are working they incur additional expenses for clothing, transportation, and meals away from home, and in a number of cases expenses for child care.

Certain allowable deductions -- Federal income and employment taxes, and if applicable a housekeeping allowance, medical, and extraordinary expenses -- are subtracted from the total family income (taxable and nontaxable). The remainder is considered to be "effective income."

Basic Standard of Living

The proposed uniform methodology provides for a standardized allowance, called the minimum standard (MS) allowance. The MS represents the cost of the basic necessities for each family member receiving over one-half support from the family and represents the level of income at which no contribution can be expected toward postsecondary educational expenses. Its use, therefore, exempts from contribution the dollar amount necessary to provide for the most basic expenses of the family unit.

The proposed Minimum Standard Schedule is based on the spring 1967 cost estimates of BLS for a family living at a low standard of living, adjusted for changes in the Consumer Price Index (CPI) and to provide for a college-age child in families of differing sizes. The Minimum Standard Schedule that would result from adjustments in the CPI through December 1974 as follows:

Family size	Income after Federal income and social security taxes
3	$ 6,910
4	8,030
5	9,070
6	9,880
7	10,440
8	11,000
9	11,560
10	12,050
11	12,450
12	12,770

It should be pointed out that family size in the proposed system is determined by the number of family members receiving over one-half their support from the family. This is not necessarily the same as the number of dependent children. Use of the family member concept eliminates the need for an arbitrary allowance for dependents other than children, and the dollar level it represents (differing by family size) is a more current approximation of the expenditures in dollars and in kind that the family is providing.

Thus, Federal income and social security taxes, certain allowable deducations, a housekeeping allowance (if applicable), and an appropriate minimum standard allowance based on family size are subtracted from the total family income (taxable and nontaxable). The remainder is considered to be "available income" and can be used by the family for supplementation of the Minimum Standard and a variety of discretionary purposes, one of which is to provide for the postsecondary educational expenses of the children.

The calculation of available income in the proposed uniform methodology can be illustrated as follows:

Taxable wages, salaries, tips and other employee compensation:

Father
Mother

+ Dividends
+ Interest
+ Income other than wages, dividends, and interest
- Adjustments to income (sick pay, moving expenses, etc.)

= Adjusted gross income for year preceding academic year
+ Nontaxable income for year preceding academic year

= Total income for computation purposes
- Federal income and social security taxes
- Deductions claimed for tax purposes on the basis of medical/dental expenses (excluding insurance premiums)
- Deductions claimed for tax purposes on the basis of casualty losses
- Housekeeping allowance (if appropriate)

= Effective income
- Appropriate minimum standard allowance

= Available income for supplemental and discretionary purposes

A family's available income is thus seen as the source of support toward the provision of the student's health, care, and nurture expenses and, if income is sufficient, toward the out-of-pocket expenses of tuition, books and supplies, etc.

Parental Contribution from Assets

Since assets contribute to the financial strength of the family, it is important to include them when assessing the family's ability to pay for postsecondary education. A strong net assets position indicates greater capacity to finance postsecondary expenses out of current income, and greater access to financial resources in general. Rather than expecting a family to liquidate its assets, the assessment of assets indicates the family's ability to contribute more (or less) from its income as a result of its total financial strength.

The standard items to be considered as assets in the proposed system are:

1. Residence equity
2. Other real estate equity
3. Cash assets
4. Other investments
5. Business/farm net worth

The proposed uniform methodology will include the total net worth of the family's share of business and farm assets rather than a varying percentage. The purpose is to provide for more equitable treatment of assets in general rather than base the allocation on types of assets held.

This methodology does not take into consideration the value of consumer goods as assets. Outstanding loans or debts -- incurred in connection with purchases of such durable consumer goods as automobiles, household furnishings, and appliances -- are also not considered.

Recognizing that a major reason for accumulating assets is to provide for future retirement, the proposed uniform methodology also provides an allowance against assets. The allowance varies by age and sex of the primary working parent and is the dollar amount required, at the present age of the parent, to purchase a fully paid annuity to provide at age 65 a supplementary income to social security benefits. The supplementary retirement income is the difference between avarage social security benefits and the budget amount estimated by the Bureau of Labor Statistics as necessary to provide a moderate standard of retirement living.

The retirement allowances have been derived by determining what amount, in a single payment, might be demanded by a commercial insurance company at differing ages of the primary working parent in return for the payment of an annuity of $1,860 (in the case of a couple) or $1,930 (in the case of a single individual) per year beginning at age 65. Retirement allowances for selected ages and family types under the proposed uniform methodology are illustrated below:

Age	Two-Parent Family	One-Parent Family
42	$11,040	$13,680
47	12,720	15,720
52	15,000	18,360
57	18,000	21,720
62	22,320	26,400
65	25,920	30,240

After provision against net worth has been made for an appropriate retirement allowance the family's remaining assets are considered discretionary.

It is from the discretionary net worth of the family that the additional financial strength generated by assets is measured. The discretionary net worth represents the portion of family net worth above that required to provide a moderate level of retirement income and could be considered available for the family to use in supplementing income at present and into the future.

The purpose of the income supplement is to take account of the contribution that discretionary net worth makes to ability to pay for goods and services out of current income. The percentage of discretionary net worth that is assumed to be converted to an annual supplementary income flow is 12 percent. A uniform conversion ratio was chosen because of its ability to recognize changes in the economy. A single conversion rate also has the advantage of understandability, and reflects the present rate of inflation in the economy. The most prevalent assets held by families seeking financial assistance are those composed of homes and real estate equity. Changes in the market value of such holdings from year to year are primarily a function of inflation. Consequently, a conversion rate that approximates what inflation has added as an increment of value appears to be appropriate.

In order to provide equal treatment among families, the uniform methodology distinguishes between assets sufficient for retirement and assets insufficient for retirement. When the family assets are not sufficient to provide for adequate retirement at the moderate level, an allowance is granted against effective income. This allowance is determined by ascertaining the difference between current assets and those required to provide an appropriate retirement allowance and applying a negative conversion ratio of 6 percent.

Expected Parental Contribution from Adjusted Available Income

The first step before determining the amount parents can reasonably be expected to contribute toward meeting educational expenses is to determine the adjusted available income of the family. Adjusted available income is the available income plus the income supplement from discretionary net worth. The adjusted available income reflects the economic strength of the family resulting from a combination of its income and assets. Contribution toward educational expenses is derived from this amount.

Since available income represents the money available for supplementary and discretionary purposes, the question remains: What portion should be expected for postsecondary educational expenses? The existing national services (CSS and ACT) have approached this question by applying progressive tax theory to need analysis. Given the concept of a basic standard of living, money over this standard can be considered available for a variety of purposes. Economists have demonstrated that as the amount of money available to the family for discretionary purposes increases, the ratio of basic consumption expenditures to total income decreases. Thus, as income increases, a larger percentage of income may be taxed with less effect on the support of the family. The proposed uniform methodology uses the following taxation rate schedule for estimating the ability of the family to contribute toward educational costs:

Adjusted Available Income Taxation Rate Schedule

Adjusted Available Income	Taxation Rates
$ 0 - $ 5,000	22%
$ 5,000 - $ 6,000	$1,100 plus 25% over $ 5,000
$ 6,000 - $ 7,000	$1,350 plus 29% over $ 6,000
$ 7,000 - $ 8,000	$1,640 plus 34% over $ 7,000
$ 8,000 - $ 9,000	$1,980 plus 40% over $ 8,000
$ 9,000 - $10,000	$2,380 plus 47% over $ 9,000
$10,000 or more	$2,850 plus 55% over $10,000

These rates have been developed to approximate the expected parental contribution used by the CSS and ACT for the 1974-75 processing year.

The proposed uniform methodology for computation of the family contribution to college expenses involves the following:

1. Determination of the annual income of the family by combining income reported for Federal income tax purposes with nontaxable income;

2. Determination of the available income of the family by subtracting from the annual income amounts that reflect Federal income and social security taxes paid, deductions allowed for medical, dental, casualty losses, and housekeeping expenses and a family size allowance based on the Bureau of Labor Statistics lower-budget standards;

3. Determination of discretionary net worth, with special consideration of the age of the primary working parent and the family situation;

4. Determination of any income flow supplement by prorating discretionary net worth using a single conversion factor of 12 percent;

5. Determination of the adjusted available income by adding available income and income flow supplement,

6. Determination of family contribution from adjusted available income by reference to a tax rate schedule.

NATIONAL TASK FORCE
ON
STUDENT AID PROBLEMS

FINAL REPORT

PREFACE

This document presents a full discussion of the activities, findings, and recommendations of the National Task Force on Student Aid Problems. The Task Force was a voluntary association of concerned and interested agencies and organizations. Its only standing came from the support of those directly concerned with student aid problems. The only way its recommendations can be implemented is for those agencies, organizations, and individuals who have supported it to take the actions needed to carry out the recommendations.

Francis Keppel, Chairman
Arthur S. Marmaduke, Vice Chairman
and Chairman of the Working
Committee on Coordination and
Management
Thomas A. Butts, Chairman of the
Working Committee on Common Form
Douglas R. Dickson, Chairman of the
Working Committee on Need Analysis
William D. Van Dusen, Staff Director

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CHAPTER I

Introduction and Background

In 1955-56, the total amount of financial assistance available to students in postsecondary institutions was estimated to be around $96 million. By 1974-75, this amount had grown to nearly $6.1 billion, including Veterans Administration and Social Security Administration benefits, or an incredible growth of 66 times in 19 years. That such an enormous growth could have occurred as it did with as few problems as it has is amazing. Nevertheless, the problems of student aid are many and significant, as well as vexing and troublesome for students, parents, program administrators, and policy makers. They are increasingly becoming troublesome to the general public.

One of the basic problems is that the actions and activities of the various sources of student aid do not occur in a sequence which is consistent with their purposes. The prime example involves the processing and eligibility determination for the Basic Educational Opportunity Grant Program. The BEOG, established by Congress as the foundation upon which all other forms of student aid were to have been added, is under constraints which delay its announcement to a time when other student aid awards have already been made. Not only does this confuse the student and parents, but it involves a considerable amount of subsequent adjustment of other awards to assure that the total amount of financial need is not exceeded. These adjustments add to the confusion of students and parents and create more for the administrators of state, institutional, and private programs.

Another fundamental problem is the number of applications and data collection documents which students and parents must complete in order to demonstrate their need and eligibility for aid. A student applying for aid from just one postsecondary institution may have to complete as many as seven different forms to demonstrate eligibility for all of the aid available to him. In order to complete these forms, the student and parents must assemble information from their income tax forms and other records a number of times, decide how to respond to the slightly different questions on the number of forms, and then forward the different forms to a number of different places to meet a number of different deadlines.

Further confusion results from the fact that there are a number of different ways in which financial need is determined. The American College Testing Program and the College Scholarship Service, the two major service agencies providing determinations of parental ability to pay for postsecondary educational expenses, use different procedures and formulae in their processing. Even if the family provides identical information to the two services about their financial circumstances the resultant contribution expected of them may vary by as much as $1,000. In addition, the system used for determination of eligibility for the BEOG Program may yield yet another answer. Students and parents find it difficult to understand how one set of financial circumstances -- their own -- can yield three different estimates of their ability to pay.

Perhaps the most significant and important of the results of this confusion in the delivery of student aid is that many students are not served by the process. There is a strong feeling that large numbers of students with the desire for and potential to succeed in postsecondary education are in fact not enrolling because they lack the financial resources. It is probable that many of those who are not served by the process are from ethnic and racial minority groups.

Many factors contributed to this situation. One was simply the growth in numbers of students bound for some form of postsecondary education. A more significant factor was the increasing need and demand for more education and training from sectors of the general population whose members had not previously availed themselves of postsecondary education. Specifically, these were persons from low and lower income families, from racial and ethnic minority groups and from age groups outside the previously typical 18 to 21 year old "college age" population. Because they could not usually afford the full costs of education, their needs and demands for education created a demand for more and different student aid programs.

The needs of both the traditional and non-traditional populations were focused on educational institutions, governmental agencies and legislative bodies, private associations, and student aid programs themselves. Many of these parties responded by creating new aid programs and modifying or expanding old ones. But their responses did not occur in any systematic or coordinated fashion.

In part, this was because the needs were not equally distributed among or directed toward the parties responsible for creating or managing student aid programs. For example, in some states the needs for minority student aid programs were recognized by postsecondary institutions, while in others the minority student needs were equally recognized by outside institutions, the state legislature, and Congressional representatives.

The responses of the parties were also unequal with regard to the types of aid provided, the amount of aid provided, the criteria for aid eligibility, the management resources, operation of the program, and the ultimate purposes of the program. For example, many states have developed student aid programs, but some made grants while others made loans. Some states based eligibility for an award on potential scholarship, demonstrated financial need or both. Some states gave appropriations or made allocations to the potential students' institutions and asked the institutions to award the monies, but other states set up procedures where students applied for aid directly from some state agency that processed their applications and determined their awards.

The growth and development of the student aid programs which comprise today's student aid system can be described as functions or consequences of the sources, strength, and direction of demands of public and private parties (whether these parties are postsecondary institutions, state legislatures, the Congress, some governmental agency, foundation, or other agency); the ability and willingness of these parties to create new or revise old student aid programs; the choices of the kinds of responses to be made; and the extent to which these choices met the needs and in some cases created new ones. For example, the creation of a student aid program to meet the needs of currently enrolled students may foster larger enrollments which, in turn, produces new demands on the program to meet its original purpose. The entire "need - response - choice - new need" cycle has been identified as the environment of the student aid system. This environment is schematically diagrammed in Figure One.

Perhaps if all parties had recognized equal needs, had possessed equal ability and willingness to respond, and had made similar choices about the program responses they would make, the present confusing, uncoordinated, unplanned system of today would not exist. But this did not happen. The last twenty-five years tell a story of ever increasing student aid resources for ever increasing numbers of postsecondary students -- an achievement which is a justifiable source of pride for the United States. Equally important, and a source of frustration for students, parents, policy makers, and student aid administrators alike, is the fact that those resources have become increasingly diverse and complicated as to their kind and origin.

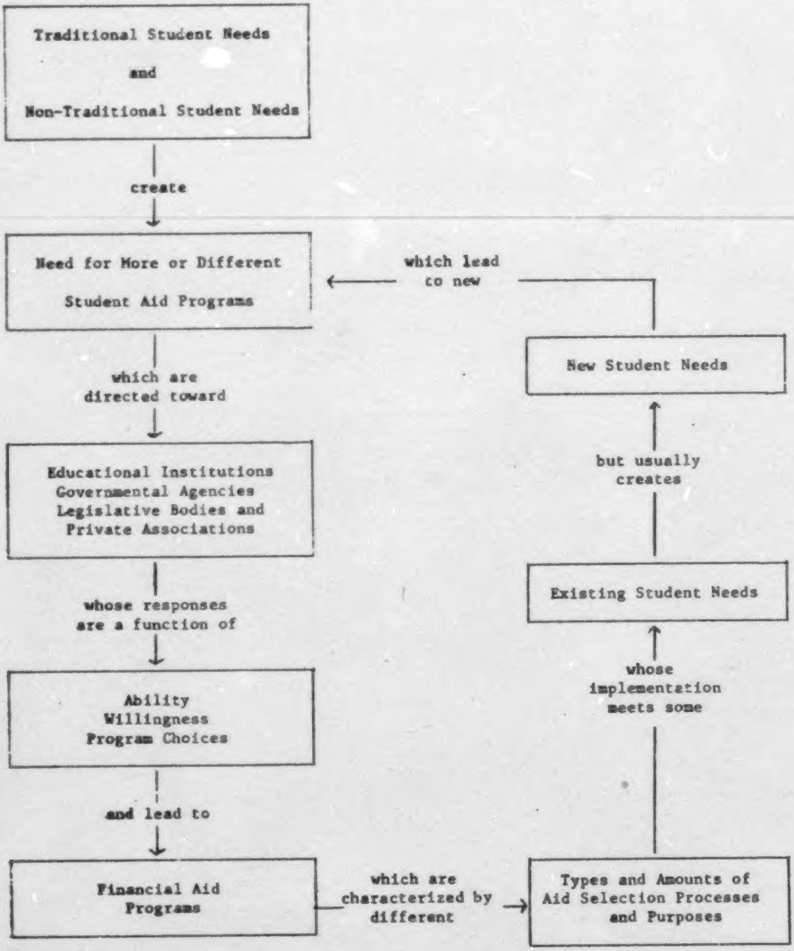
The present situation is a function of a combination of planned and unplanned, affective and cognitive behavior. It manifests itself in a high level of confusion. The primary impact of the confusion falls upon the students. Some are well served by the system, some are poorly served by the system, and some are not served at all.

Some of the factors which contribute to the lack of service to students are external to the system, e.g., student aid programs are frequently poorly funded due to competition from other sources for public funds or student aid programs are created in some states but not others, for some students but not others.

Other factors are internal to the system, e.g., the methods of getting information to students are inefficient or ineffective, the application processes are lengthy and complex, and need analysis systems used by the programs vary in the kinds of information needed and the results achieved.

FIGURE ONE

THE FINANCIAL AID ENVIRONMENT


Traditional Student Needs
and
Non-Traditional Student Needs
create
Need for More or Different
Student Aid Programs
which lead
to new
New Student Needs
which are
directed toward
Educational Institutions
Governmental Agencies
Legislative Bodies and
Private Associations
but usually
creates
Existing Student Needs
whose responses
are a function of
whose
implementation
meets some
Ability
Willingness
Program Choices
and lead to
Financial Aid
Programs
which are
characterized by
different
Types and Amounts of
Aid Selection Processes
and Purposes

Postsecondary education in the United States has traditionally advocated the solution of such problems through voluntary association and action by those individuals and organizations most directly involved, rather than through the imposition of Federal control. In this tradition, the National Task Force on Student Aid Problems was formed.

Early in the spring, 1974, representatives of the College Entrance Examination Board brought together leaders of several private foundations, postsecondary institutions, state student aid programs, and the Office of Education. These individuals agreed to provide the initial organizing effort and funding for the Task Force. Financial support was provided by the Carnegie Corporation of New York, the Ford Foundation, the Lilly Endowment, and the Alfred P. Sloan Foundation. No government money was used. The role of the College Board and the foundations was solely to convene the Task Force. Following its formal organization in May, 1974, they played no role other than as participants on an equal basis with representatives of more than 26 educational associations and organizations. (See Appendix A for a list of those participating.)

The first activity of the Task Force was to define the scope of its endeavors.

> *By design and agreement, the activities of the Task Force were limited to the delivery system for whatever Federal, state, private, and institutional student aid programs exist to meet the needs of students in postsecondary education. The Task Force did not engage in discussions of the most appropriate social policy for the financing of postsecondary education.*

While such considerations could not be totally divorced from the delivery system, the Task Force was not appropriately constituted for policy debate. Nor was the Task Force created to pre-empt the activities and functions of any other organization. The role of the Task Force was to integrate and implement the results of many existing efforts into the broader form of a total delivery system and then to achieve the support and backing of the associations and individuals who can bring them into being.

The primary thrust of the Task Force's activities was at the beginning of the student aid process, whereby students or potential students receive information about available aid, make application, are notified of the aid which can be made available specifically to them, and use that aid to begin or continue their education. The Task Force did not deal in any depth with subsequent activities of institutions or other agencies in dealing with student aid recipients.

> *Areas such as the need for tutorial or remedial programs, educational and vocational counseling, exit interviews, and loan collections were not considered in any depth. The Task Force realizes that these are important aspects of the totality of student aid, but both the temporal and financial resources of the Task Force were insufficient to provide the kind of in-depth study of these areas which they demand.*

The Task Force has met six times since it was formed. The three Working Committees which provided much of the material which the Task Force considered, met many more times. (A list of the members of these Working Committees is included in Appendix B.) The results of their deliberations as modified and approved by the Task Force form the basis of this report.

THE CONCEPTUAL FRAMEWORK OF STUDENT AID FOR STUDENTS IN POSTSECONDARY EDUCATION IN THE UNITED STATES

The Task Force believes that there is one basic premise which underlies all of the efforts to provide student aid for postsecondary education in the United States:

> *The primary purpose of student aid is to provide financial resources to students who would otherwise be unable to begin and complete the type of postsecondary education they wish to pursue. It is further agreed that the internal elements of the student aid programs should be such as to provide a coordinated system to achieve this primary purpose.*

The premise presupposes, of course, the existence of sufficient management resources to accomplish effective coordination. There is evidence to indicate that there are insufficient numbers of trained, skilled student aid administrators and program managers and their access to technological instruments is too limited to accomplish effective coordination. This problem is treated in the report.

Another basic premise of the present student aid efforts in the United States is that parents have a responsibility to continue to support their children through postsecondary education. Chapter II of this report will deal in considerable detail with the process of determining parental ability to pay. The Task Force reaffirms the role of the parents, and recognizes that one of the major sources of student aid is the parent.

The delivery of student aid is conceptualized as a partnership involving the Federal, state, institutional and private donors with the student recipients as full participants in the partnership. While one or another of the partners may have a primary responsibility or interest in some aspect of the system, all of the partners must be involved if the system is to be efficient. The system is conceptualized as coordinated rather than managed. The interests and needs of all partners will be brought together in a coordinated fashion to serve them all better.

In addition to the student and parents, there are four basic elements of the student aid system: the types of aid, the sources of aid, the selection processes, and the purposes of the aid.

There is general agreement on the three types of support which define student aid in the United States. Grants (also known as scholarships or grants-in-aid) are awards of money, discounts or remissions of charges, or similar financial considerations which require neither repayment at some future time nor service to be performed by the recipient. Loans are sums of money awarded with the stipulated requirement that they be repaid, in kind or service, in whole or in part, at some future date, in some cases with and in other cases without the payment of interest. Employment aid is money provided in reimbursement for specific services performed by the recipient and which is not subject to repayment at a future date.

The funding sources of student aid are also generally well understood: the Federal government, the state governments, the postsecondary educational institutions, and private agencies or individual donors. The selection processes, as presently constituted, are also generally well understood:

1. Direct selection of the student by the source agency, as in the case of the Basic Educational Opportunity Grant Program and the comprehensive state scholarship programs;

2. Indirect selection of the student through the institution he or she is attending with institutional representatives acting on behalf of the source agency, as in the cases of the Supplementary Educational Opportunity Grant Program, the College Work-Study Program, the National Direct Student Loan Program, and the other institutionally-based Federal aid programs;

3. Indirect selection of the student by a third party agent or organization which is neither the source of the funds nor the postsecondary institution, as in the case of some lenders in the Federally Insured Student Loan Program.

While the purposes of student aid are also generally known, they are not as generally agreed upon. This lack of agreement is perhaps a direct reflection of differences in willingness to respond to demands and differences in choices of responses. The Task Force has narrowly defined the primary purposes of student aid as being:

1. *To increase student access to some form of postsecondary education;*

2. *To provide students with increased choice among and between different postsecondary educational institutions and programs;*

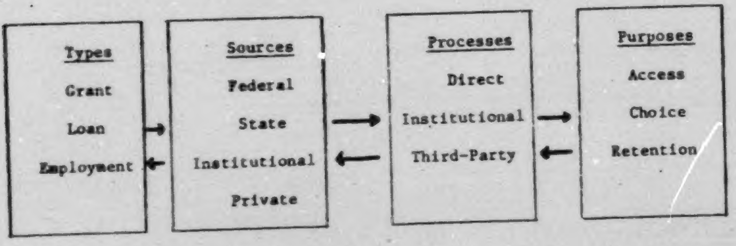
3. *To increase the retention of students in postsecondary educational institutions.*

Aid to institutions has intentionally been omitted from the listing of primary purposes.

Acceptance of these forms, sources, selection processes, and purposes of student aid simplifies the development of the conceptual model. Certain forms of assistance, such as grants to institutions for the construction of facilities, are defined out of student aid. Payments to individuals who happen to be students for purposes other than those above, which would be made regardless of student status, such as welfare, are also defined out of student aid.

FIGURE TWO

ELEMENTS OF THE STUDENT FINANCIAL AID SYSTEM


Types
Grant
Loan
Employment
Sources
Federal
State
Institutional
Private
Processes
Direct
Institutional
Third-Party
Purposes
Access
Choice
Retention

One area which is not clearly understood is the interrelationship of the several sources of student aid funds. The impact of funds provided by the different sources is clearly pyramidal. Funds provided by the Federal government impact on all 50 states, the more than 4,000 participating post-secondary educational institutions, the uncounted thousands of private agencies and individuals granting student aid, and the hundreds of thousands of students receiving aid from some source.

Three elements of the ideal relationship among sources of aid are clear:

1. No source of student aid can be ignored in the coordination of programs since each influences all the others;
2. The primary beneficiary of coordination of programs should be the student;
3. Each source of student aid is responsible for coordinating its activities with those upon whom it impacts and with those which impact upon it.

Acceptance of the foregoing led the Task Force to adopt the following basic premise:

> *Each funding source of student aid has a primary responsibility to coordinate the types of aid, selection processes, and purposes which it serves with each other source of aid, and to report activities and changes in type, selection, and purpose to each other. Furthermore, no program of student aid should be established unless there is a clear statement of understanding of the relationship of its purpose, form and selection processes to other aid available from the same source and to aid available from other sources as they affect all students.*

There are at least three ways that better coordination and management of the financial aid system could be achieved in order to better serve the students, postsecondary institutions, and the general public. They are 1) changing the way the current system functions by developing better procedures for the management of the system but without changing the basic structure of the system; 2) changing the system itself by changing its structures, i.e., discontinuing some programs, modifying others, and creating new ones; or 3) changing both the functions and the structure of the system.

As indicated earlier, the activities of the Task Force were intentionally limited to the delivery system for whatever Federal, state, private, and institutional student aid programs exist. While the Task Force attempted to remain cognizant of the problems of student aid for graduate and professional students, most of the focus of its activities was on undergraduate student aid. This narrow definition of function limited activities, of necessity, to changing the way the current system functions by developing better procedures for the management of the system. The goals of this activity can most simply be stated as:

- *Reducing the confusion which faces students and their families in order to permit them access to the available student aid in the most efficient and effective way while respecting their human and legal rights.*

- *Improving the procedures by which the system is managed in order to permit the program managers to serve students, institutions, and society at minimal cost with maximal efficiency.*

- *Providing policy makers with an organized system in which they can make decisions which will best meet the needs of those for whom they are concerned and to assure that their intended goals can be most easily achieved.*

The Task Force is aware that improvement of the delivery system may appear to increase the need for student aid funds as more students become better able to identify aid for which they may qualify and apply for that aid. This apparent increase, however, will be the result of bringing more potentially eligible students into the process. The Task Force believes this is not only proper but necessary.

> *The activities of the Task Force, from its inception, have been a partnership of Federal, state, institutional, and student representatives working together. In some chapters of this report, one or another of these partners has been identified as having a particular responsibility for one or another aspect of the delivery system. It should be understood, however, that this responsibility has been identified in the context of a continuing partnership, with all parties participating as appropriate with the assigned agency or institution in the solution of the particular problem.*

A FINAL OBSERVATION

Even when all of the recommendations of the Task Force have been implemented, the fact will remain that the resources presently available are not sufficient to make the postsecondary educational opportunities available as freely as is done for elementary and secondary education. There is no agreement on the exact amount by which the present needs are under-funded, but there is agreement that postsecondary education has not yet evolved to the same place in our national priorities for the allocation of resources as have other levels. This is an issue which other organizations and groups must address.

CHAPTER II

The Problems of Analysis of Student Financial Need

Millions of students in the United States are faced with problems in finding adequate resources with which to meet the increasing direct student costs of postsecondary education. They are facing a situation where legislative and educational programs and priorities, coupled with the whole tradition of postsecondary education in the United States, have placed significant responsibility for the financing of higher education on the student and his/her family. It has been recognized, however, that many families are simply unable to provide the necessary funding from their present income and assets in order to allow their son or daughter to attend their chosen postsecondary educational institution. This recognition has led to the establishment, over the years, of a number of Federal, state, institutional, and private student aid programs to provide the necessary supplemental funds for students from these families. As the following table shows, an estimated $6.1 billion will be made available from these programs during the 1974-75 academic year, excluding funds for graduate students in the health professions:

Available Student Aid Funds

Federal Programs:		
National Direct Student Loans (Appropriations)	$ 292	million
National Direct Students Loans (Collections)	170	million
College Work-Study Employment	270.2	million
Supplemental Educational Opportunity Grants	210.3	million
Basic Educational Opportunity Grants	475	million
Guaranteed Student Loans	1,300	million
Bureau of Indian Affairs Grants	23	million
Law Enforcement Education Program Grants and Loans	40	million
Nursing Loans and Grants	44.5	million
State Scholarship Incentive Grants	19	million
	$ 2,844	million
Social Security Benefits	527	million
Veterans Benefits	1,570	million
	$ 4,941	million
State Scholarship and Grant Programs	429.3	million
Institutional Scholarship and Grant Programs	450	million
Institutional Employment Programs	280	million
Institutional Loans	30	million
Other Private Sources	50	million
	$ 6,180.3	million

The funds provided by the Veterans Administration and the Social Security Administration combine to form the largest sources of aid to students enrolled in postsecondary education. Unfortunately, they are not considered a formal part of the constellation of student aid programs with which the Task Force has been concerned. Delivery of these benefits is handled through channels separate from those of other forms of student aid.

Although they are not awarded on the basis of financial need, a student who has these benefits has less need than does a similar student without the benefits. The implications of this will be considered later in this chapter.

The vast majority of the money available, however, is awarded to students on the basis of a widely known but poorly understood process, NEED ANALYSIS. During the 1974-75 academic year, approximately $4 billion will be awarded to students on the basis of the need which they demonstrate.

One of the reasons that the process is poorly understood is that it has, in the past, often been used as a device to ration the available student aid funds through artificial or arbitrary decisions about the amount of "need" that the student and parents presented. What frequently passed for "need analysis" was really "resource analysis." The Task Force finds this unacceptable in a system which attempts to provide access, choice, and retention for students without sufficient resources of their own. The basic premise adopted by the Task Force as underlying the entire process of need analysis is:

> *The results of need analysis should be an objective and equitable measurement of the actual amount of money needed by a particular student to successfully complete a program of study at a particular institution. Much of the confusion of students and their parents derives from their inability to understand how they can finance an education on the basis of awards made under artificially limited measurement of their need. Estimates of parental contribution, student contribution, and budget should not be used as rationing devices. Efforts should be made to increase the level of funding available for student aid, but until that is accomplished the need analysis system and procedures should not be used to make it appear that needs are being met when in fact they are not.*

It is at present impossible to accurately document the difference between the goal of resources sufficient to meet the measured needs of present and potential students in postsecondary education and the total available resources. There is agreement, however, that a gap does presently exist.

> *The Task Force recommends that an impartial group composed of representatives of the American College Testing Program, College Scholarship Service, Graduate and Professional Financial Aid Council, Office of Education, and National Association of State Scholarship Programs be convened to compare the presently available resources with the best estimates of what is needed to fully fund the needs of students. The results of this investigation should be clearly stated for the benefit of public understanding.*

The Task Force intends that the recommendations which it has made should be implemented regardless of the level of funding available -- that is, that inability to provide funds at the needed level should not be a reason for not implementing Task Force recommendations.

THE MATTER OF DEFINITION

Few could quarrel with the simple definition of need analysis as the process of determining the difference between the cost of an education at a particular institution and the amount of money that a particular student and his family can reasonably make available from their own resources. Agreement would break down, however, when that simple definition begins to be applied to the much more complex processes employed by such organizations as the American College Testing Program, College Scholarship Service, Graduate and Professional Financial Aid Council, or Division of Basic and State Student Grants of the Office of Education. Further disagreement would occur when the activities of the several states and thousands of institutions, private agencies, organizations, and individuals providing the available student aid are considered.

The Task Force adopted the following definitions, both as mechanisms to clarify some confusion and as the means of describing with more precision the recommendations which follow:

> *Determination of ability to pay is a process which involves the measurement of the economic well-being or financial strength of the candidate and/or his or her family and the subsequent determination of a contribution toward educational expenses through the application of some "taxation rate" to the measure of financial strength.*
>
> *Determination of program eligibility is the translation of the purpose for which a student aid program has been established (whether implicit or explicit) into some measurable indicator of an academic, personal, or financial characteristic of the desired recipient or his or her family.*
>
> *Determination of financial need is the measurement of the specific amount of money needed by an individual student attending or planning to attend a particular postsecondary institution.*

Careful examination of the definition of need analysis will quickly show that it would be extremely difficult to establish a single national standard for a process which involves some 5,000 different institutions determining the need of some 12 million potential applicants for aid. One of the most important characteristics of need analysis, so defined, is its unique sensitivity to the particular problems of a particular student/family constellation in making financial plans to attend the particular postsecondary institution at which the process takes place. Some guidelines can be proposed which will assist the individual institutional aid administrator in assuring like treatment of like students, but the need analysis process must clearly remain one which recognizes special student, family, and institutional circumstances affecting the amount of money needed.

The process of establishing a single national standard of determination of program eligibility, though no doubt possible to achieve, is clearly beyond the scope of the activities of the Task Force. While the Task Force might counsel against the translation of the personal preferences of a private donor into a quantitative measure which would result in the donor's aid going only to students who come from families with incomes in excess of $50,000, it could not question the donor's right to make that decision regarding the distribution of his money. Similarly, it would be inappropriate for the Task Force to question the judgment of state legislatures which determine that they wish to limit the maximum level of parental income of recipients of their funds to some politically acceptable level, of the Federal government to target student aid resources to segments of the student population which have financial characteristics under-represented in the postsecondary educational population, or of private corporations to quantify their programatic purposes in ways which encourage students in particular curricular areas related to the business activities of the corporation.

Few would confuse program eligibility determination made on personal or academic qualifications with need analysis. Clearly, the award of a local Parent-Teacher Association scholarship to the valedictorian of the high school graduating class, or the award of a stipend to the engineering student with top honors in the freshman year by a local engineering firm with no regard to the student's financial circumstances would not be considered as need analysis. Eligibility determinations made on financial qualifications, however, may or may not be need analysis. The decision of the Parent-Teacher Association to award their scholarship to the "poorest" student in the graduating class would result in a determination based on need, but that process would not be need analysis per se. Their award could be made through a simple ranking of families on the basis of their total annual income without any regard to the amount of money needed at a particular institution. Such a procedure would guarantee that the recipient had need but would not attempt to assess the amount of that need.

Some would argue that many of the award determinations made by state programs and those of the Basic Educational Opportunity Grant Program are not need analysis determinations but rather program eligibility determinations. The argument is that their determinations are made to assure that the students have need, rather than to accurately assess the amount of that need. In addition, eligibility requirements which are intended to assure that student recipients come from families in certain limited segments of the economic distribution may appear to be need analysis when in fact they are not. The eligibility requirements which formerly applied to the Supplementary Educational Opportunity Grant (SEOG, formerly EOG) program, where no grants could be made to students who could expect to receive a contribution of more than $625 from their families or who came from families with incomes in excess of $9,000, were neither intended or viewed as need analysis.

The important point is not to draw fine, and perhaps artificial, lines of distinction between processes which may not need to be separated, but rather to acknowledge that some aspects of what may be called need analysis may in fact be rooted in program eligibility requirements which are not necessarily related to the amount of money needed by an individual student attending a particular individual institution.

The definition of determination of ability to pay represents one important aspect of need analysis, but should not be confused with the total process. Need analysis can be characterized as a four-step process:

1. measurement of the economic well-being of the appropriate student and/or parent family unit;
2. association of quantitative measures of that well-being with a quantitative estimate(s) of ability to meet postsecondary educational expenses in general;
3. determination of the appropriate student expense budget which will need to be met in order to provide funds adequate for attendance; and,
4. comparison of the derived ability to pay (step 2) with the determined budget (step 3) to arrive at the amount of money needed.

This method of looking at the process identifies another area of confusion concerning need analysis -- the activities of the two national "need analysis organizations." The systems which have been developed by ACT and CSS are in reality national standards of determination of ability to pay. Recent expansions of their respective data bases have begun to provide some better diagnoses for some of the ailments involved in the analysis of the appropriate student expense budgets (step 3), but most of their activities beyond determination of ability to pay have been arithmetic manipulations for the administrative convenience of their constituents. Their systems for the determination of parental (and perhaps student) ability to pay are based on sound economic theory and extensive practical research and represent national standards. Determination of ability to pay, however, involves only the first two steps, and these the national systems do admirably. Need analysis requires an individual aid administrator to review, adjust, and modify the results of the prior steps to reflect the particular circumstances of the individual student.

Having accepted this definitional framework, the Task Force directed its attention to the two aspects of the need analysis process which appear to be amenable to the development of national standards: determination of ability to pay and determination of the appropriate budgets to be used in evaluating student costs. Standardization of these two aspects of the total need analysis process will help to assure that the final individualized action produces more consistency and equity for students.

DEVELOPMENT OF A STANDARD FOR THE DETERMINATION OF ABILITY TO PAY

Sophisticated models for determining the ability of the family unit (or any other resource pooling unit) to meet some or all of the costs of a postsecondary education are composed of two conceptually different parts. The first is a measurement of the economic well-being or financial strength of the family unit, and results in some index of financial strength. In the model used by the American College Testing Program this index is the adjusted available income; in the College Scholarship Service model the adjusted effective income. The second is the association of this quantitative measure of economic well-being with a quantitative estimate of the ability to meet postsecondary expenses from the dollars represented by that measure. In both systems, the application of this "taxation" rate to the adjusted income results in a dollar value contribution estimate which can be used by the student aid administrator in the determination of financial need.

The model used by the Basic Educational Opportunity Grant Program for the 1974-75 year embodies the first step in this process, and results in the production of an eligibility index which is an indirect measure of the economic well-being of the family unit. This index cannot be used by the student aid administrator in determining financial need, but is used by the Program in determining eligibility for and amount of assistance.

While the differences in the "answers" produced by these three systems may be understandable to the initiated, they are not equally well understood by the student and parent "consumers" of the systems. Parents and students fail to understand how their single set of financial circumstances could produce two or three different determinations of their ability to pay. Legislators, both state and Federal, reflecting the confusion of their constituents, are equally unable to understand the differences. In a time of rapidly rising inflation, these differences are even less understandable.

The Task Force believed that a single standard for the determination of ability to pay can be constructed and should be used. Such a standard would assure that the levels of contribution determined by at least the ACT and CSS systems would be identical for the same family submitting the same financial data to both. If programatic considerations can be overcome, it might be possible for the standard to be used by the BEOG Program, thereby bringing into agreement the determinations made by all three major public systems. Creation of such a single national standard, however, was not a simple process.

The least difficult approach would be to develop a standard which resulted only in the production of an index which would assure horizontal equity among families — equal treatment of equals. This necessitates only the specification of the variables related to family financial strength and the relationship between and among financial strength and each of the relevant variables. Generally accepted economic theory can be used valuably to identify reasonable alternatives and assumptions which can be made and tested. Theoretically, this would seem to be an easy process.

In a report published by the American College Testing Program ("The Measurement of Economic Well-Being in Need Analysis Models"), William Goggin identifies some of the inherent difficulties in this approach. Goggin takes four different propositions, each of which represents a competing view of the proper treatment of income and assets in need analysis and which would be likely to underpin any need analysis system which might be developed. Using five hypothetical (but in no way atypical) families, Goggin constructs a measure of economic well-being based on each of the competing assumptions, and then uses these indices to rank the families. His analysis shows that "the four propositions give rise to many different rankings and distributions. Indeed, the third proposition alone results in four different rankings . . . depending on the procedure employed . . . . Analysis of the theoretical characteristics uncovers many arbitrary assumptions and value judgments inherent in each approach . . . ."

There is a sound reason for using an index measure of financial strength without contribution figures when a program's funds are limited and provide only a portion of the total aid package for a student as is the case with the Basic Educational Opportunity Grant Program. In such cases, the program's purpose can be translated into a quantitative measure which indicates that aid will be provided to students with an index of less than "N." Once this is done, alternative functions which associate an award amount with each value of the index within the resulting distributions of award can be compared to the program's purposes and the "best alternative" chosen.

In order to move to the next step in the models for determining family contribution, it is necessary to employ a "tax rate" against the index of family strength to derive the parental contribution. There are a number of good reasons for making this next step. Although the index number can be helpful to the program administrator whose assistance is not designed to meet the total need of a student, the institutional aid administrator must be concerned with the accurate measurement, in hard dollar terms, of the total amount of financial need of the candidate. Without this measurement he cannot determine how much aid to offer. Further, without the development of the parental contribution it is not possible to determine the aggregate need of the population for planning purposes — whether the population is an individual institution making plans of its own or requesting money from an outside agency, or a state or Federal agency attempting to determine the appropriate level of funding for a program.

Another appropriate and important function of the estimate of parental contribution (or ability to pay) lies in communication. While some would consider the communication function a negative reason for its construction ("There is no possible way that I can provide my son with $N to go to your college . . . .") it is necessary for students and their parents to be aware of the expectations which have been made in the process of offering (or not offering) financial aid. Proper planning on the part of students and parents cannot occur in the absence of this "guidance" information about the expected parental contribution.

In spite of its value, the process of determining the function which associates a contribution figure with each value of the index is one of the most difficult to defend. There is no scientific formula for setting taxing or contribution rates, nor can there be. Such rates can only be set on the basis of experience with families of student aid applicants and the best judgment of knowledgeable economists and aid administrators. In this sense, the setting of contribution rates in all of the present systems is arbitrary, or as one graduate dean recently said more kindly, based on judgments on which reasonable people can and will disagree.

The establishment of the rates at which contribution will be expected from the index of financial strength is arbitrary for at least two reasons. First, there is no body of independent economic data or theory which permits the exogenous stipulation of the proper share of wealth which should be devoted to the education of children. Data from such sources as the Bureau of Labor Statistics can be helpful in providing the consumption data which permit estimates of the amount which it costs to maintain children in the home, and thereby provide some estimates of the amount of savings which would result if the child were no longer living in the home -- but the determination of what portion, if any, of that cash savings should be devoted to the education of the child as opposed to the improvement of the standard of living of those remaining in the family unit is arbitrary. Beyond that amount which may be saved through decreases in the expenditures for maintenance, there is no body of economic data which provides information about what should be contributed toward educational expenses -- and there cannot be. This is beyond the scope of data collection.

The second reason for the arbitrary nature of the taxation rates is that they are produced with an assumption of "financial duress" applied to the families. Studies have shown that families largely contribute what is expected of them -- not necessarily because of the appropriateness of those expectations, but rather because it was required of them. To the extent that a family values education for its children, it will make the sacrifices expected by the aid administrators through their determination and communication of "an expected parental contribution."

Nevertheless, a model which makes assumptions about the combination of elements of the family financial situation, establishes an index of economic well-being on the basis of the relationship of those elements, and applies a taxation rate to determine an expected contribution is mandatory in situations where a dollar contribution figure is essential to the determination of the amount of support which will be provided in need analysis. Reasonable men can and must make the assumptions even though they are subject to disagreement and arbitrariness.

> *The major problem is that more than one contribution model exists and aid applicants show different contributions for the same programs which use these contributions as inputs.*

It would have been an enormous and probably ultimately ineffective mission for the Task Force to have undertaken the complete development of its own system for determining ability to pay. It would have been possible but difficult to identify the items which should go into the estimate of financial strength. Economic theory could have been used to identify their relationship to each other and the Task Force participants could have applied their own judgments about which set of assumptions to use. A taxation formula which was no more arbitrary than any other could have been developed.

The end result of this process would have produced a system for determining ability to pay -- but the time and expense would have been beyond the present financial and temporal capacity of the Task Force. Three years ago, the College Entrance Examination Board undertook a thorough review of their existing system. This effort, similar to what the Task Force would have been required to do in order to develop a new system, took more than 18 months and cost in excess of $150,000 (not including the expenses of the regular full-time staff of the College Board which supported the undertaking). It was estimated that the cost of implementing the system developed would have been in excess of $800,000 and would have taken an additional two years.

An undertaking of this magnitude would clearly be beyond the capacity of the Task Force. Even if it were possible it would not solve the problems of ownership and operation of the system. Unless the Task Force could establish some mechanism for producing and enforcing the use of the results of the new standard, no gain would result. It is unlikely that the present operators of systems would abandon their own systems in favor of one developed independently by the Task Force.

The designation of any of the existing systems as the single national standard, even if it could be accomplished, would have been clearly inappropriate for the Task Force.

> *The only viable alternative appeared to be that of bringing the results produced by the presently existing systems into agreement.*

The advantages of this solution are many. First, it avoids the necessity of the Task Force identifying the items which go into the measure of economic well-being, their relationship to each other, and the rate at which they should be taxed. This is not to say that the arbitrary nature of some of these assumptions would be avoided, but rather that the Task Force would not have to make an additional set of arbitrary assumptions. The two existing services have spent many years examining the reasonableness and equity of their assumptions and it is unlikely that the Task Force would improve significantly on their decisions. Second, by bringing together their results the problems of ownership and operation are avoided. Each could then continue to provide the services they now do to their constituents with the assurance that the estimate of parental contribution will be the same for families with the same financial situations. Third, it will make it unnecessary for any program manager or student aid administrator to choose between the differing results of the two systems for use when awarding funds. Finally, it is a solution which will produce significant political gains among all of the constituencies concerned with the present problems.

In February, 1971, the staffs of ACT and CSS began discussions, at the suggestion of the Office of Education, designed to reconcile the major differences between their two systems. One of the reasons prompting the Office of Education suggestion was the then-pending legislation for the establishment of the BEOG Program. Those discussions continued over a period of 18 months, and were very productive. Both services agreed to the use of a common base year, cost of living adjustments and similar family size differentials. ACT agreed to accept an asset treatment similar to that of CSS. CSS agreed to modify their asset taxation rates to more closely parallel those of ACT.

There was widespread support among the program managers for this process of moving together, primarily as a means of eliminating the necessity of the development of a full-fledged Federal need analysis system. The development of the separate Federal method for the BEOG Program, however, reduced this substantial motivation to make further changes. Both CSS and ACT supporters reacted strongly to the apparent sacrifice of autonomy for no gain.

At the time those discussions were discontinued, three major issues remained to be resolved: the treatment of families with more than one child in college; the asset taxation rates; and the procedures by which input data would be edited for entry into the computation system. During the past years, further independent changes to each of the systems produced other differences which now must be resolved.

It appeared to the Task Force that its own existence as an independent, impartial body representing the concerns of the constituencies of both ACT and CSS as well as other interested and concerned constituencies in the postsecondary education arena could provide further motivation for accommodation by the two services. For that reason it was proposed to the management of both the American College Testing Program and the College Entrance Examination Board:

1. *That the two groups immediately begin formal discussions to identify and resolve those areas which cause their analyses of families with the same financial circumstances to produce different expected contributions;*
2. *That representatives of the Task Force participate in those discussions as non-voting observers;*
3. *That the Committee on Need Analysis and, if necessary, the Task Force itself serve as arbitrator and/or "supreme court" in decisions where the two services are unable to reach mutually agreeable compromises.*

This proposal was accepted by the managers at both organizations. The Office of Education agreed to participate in these discussions and, where possible, make similar changes in the BEOG Program eligibility determinations which would bring their results into congruence with those of CSS and ACT.

While recognizing that accomplishment of changes which would produce the same results from both services would be a major achievement, the Task Force suggested that both systems consider additional changes to their systems which would provide even further reduction of the problems faced by students and their parents. Among the items that the Task Force hoped ACT and CSS would consider during their discussions are:

1. That the data base derive from items agreed to by the participants in the Committee on Common Form;
2. That the number of factors used to produce the analysis be as few as possible, and that each which is included be demonstrated to have greater impact on the result than other factors which have not been included;
3. That an index of relative economic strength be constructed and reported in addition to an expected contribution level.

The Task Force believes that inclusion of these factors in the present systems would improve both.

The first joint meeting of ACT and CEEB was held in late October, 1974. At that meeting an initial draft of a "consensus" model for determining parental ability to pay was begun.

The proposed consensus model is based on several assumptions, and its levels of expectation are related to current economic concepts and the best available evidence of parental ability to pay as used by the national services.

> *The underlying principle of the proposed national standard is that parents have an obligation to finance the education of their children to the extent that they are able. In analyzing the family's financial strength, both income and assets are considered to provide the most complete index of the family's ability to pay for postsecondary education. A major assumption of the proposed national standard is that family size and expenses must be considered in order to measure the true ability of the family to contribute to educational costs. So, too, must such other factors that will alter a family's financial strength. Another general assumption of the proposed national standard is that the family must be accepted in their present financial condition.*

Any system that analyzes financial need must deal first with the objective facts of family financial circumstances. It cannot make distinctions between the frugal poor and the spendthrifty. It cannot distinguish between improvidence and financial tragedy. Families with similar incomes may have dissimilar assets for a variety of reasons. Previous illness, bankruptcy, or unemployment may have depleted the assets of a family. If a family were expected to contribute an amount greater than its present ability dictated, the student would be penalized by being forced to find a way to assume the financial burden that could not be met by either parents or existing aid programs.

An objective system of student need analysis must treat all families equitably, recognizing the pecularities of each family's situation to the greatest extent possible. It must consider expenses and expenditures that are not a matter of family choice. On the other hand, a need analysis system should not make adjustments in its estimates of financial strength because of differences in family situations which result from family choice. For example, a family that owes a large debt on an automobile is treated identically with a family that owns a fully paid-for car. Even though the first family has a debt and is required to allocate more of its income to paying that debt, the purchase of the automobile generally reflects family choice. This obligation is not considered in the estimate of its ability to pay for college.

Although accurate, objective data are the basis for systematic need analysis, the resulting contribution should be considered as a reliable recommendation. Complexities in individual family financial circumstances and differences in attitudes toward education frequently require an aid administrator to consider appropriate adjustments for specific families. In doing this he or she must evaluate both the objective and subjective information available.

The program managers of CSS, ACT, GAPFAC, and the Basic Grant Program have continued to meet with representatives of the Task Force to elaborate the details of the Consensus Model. The agreements they had reached by January were published and circulated in the Draft Final Report for review and comment by financial aid administrators, educational policymakers, and the general public.

ACT, CSS, and GAPFAC sought and received constituent approval for the agreements that had been made. The model and its elements were publicly reviewed at several association meetings between January and May. Many of the comments and recommendations of constituent groups and agencies were incorporated into the Consensus Model.

A panel of economists was convened in May to review the Model and to suggest ways in which it might be improved. The panel consisted of Robert Hartman, Brookings Institute; Dorothy Projector, Social Security Administration; and Douglas Windham, University of Chicago. Each panelist has had extensive experience in student economics and the principles of need analysis. Their reactions to the Model were quite positive and supportive. Several of their suggestions were incorporated in the Model, which is described in detail in Appendix E.

ACT, CSS, and GAPFAC have agreed that the Consensus Model will be implemented for processing beginning in the FALL, 1975, for students applying for aid for the 1976-1977 academic year.

During meetings of the Working Committee on Need Analysis and the final meeting of the Task Force, representatives of the Department of Health, Education, and Welfare and the United States Office of Education expressed the belief that the Consensus Model's expected parental contributions from families whose incomes fall between the Bureau of Labor Statistics low and moderate budget standards would be lower than those expected by the Commissioner of Education's benchmark cases. They expressed concern that possible disparities might inhibit approval of the Consensus Model for use in awarding aid under the three institutionally-based programs. In recognition of this, the Task Force approved the following recommendations at its final meeting:

> *The Task Force endorses the consensus model as formulated by the agreements between ACT and CSS but recommends that the responsible parties of those agencies continue to examine the appropriateness of parental contributions for families whose incomes fall between the Bureau of Labor Statistics low and moderate budget standards adjusted for changes in the Consumer Price Index.*
>
> *The Task Force urges that further discussions continue between ACT, CSS, HEW, and OE, under proper auspices, toward the goal of mutual adaptation of the consensus model to meet the needs of all parties.*

VERIFICATION OF REPORTED FINANCIAL CIRCUMSTANCES

In Chapter IV, the Task Force makes recommendations concerning changes in the calendar by which Federal, state, and institutional award decisions are made and announced. The primary purpose of these recommendations is to bring the award calendar into a logical sequence, while at the same time assuring that students have knowledge of the aid which will be available to them at a time appropriate for informed decision-making.

One of the agreements of the consensus model for determining parental ability to pay is that the primary analysis will be performed on data for the year prior to the academic year for which the applicant is applying. For initial processing, this will be 1975 calendar year income for students applying for aid for the 1976-77 academic year. Whether either service provides an additional analysis for the 1974 or 1976 income is optional.

Taken together, these recommendations concerning calendar change and base-year for determining eligibility to pay make it possible that some families will submit application information prior to the time that their actual income and expenses are known with certainty. For most families, it is not until their Federal income tax returns have been completed and filed that they have certain knowledge of their exact income and expenses for the prior calendar year. Normally, this is not until early February. The recommended calendar provides that processing of BEOG applications begin in mid-September. For that group of families who file between mid-September and early-February, income and expenses will of necessity be estimates. Proper stewardship of public and private funds requires some mechanism to verify information which was submitted as estimates subsequent to the time when definite information is available.

The Task Force considered many different proposals to solve the problems of verification and validation of financial aid data. There was a lack of agreement as to the point at which accurate or valid data was most critical. Some believed verification was most important at the point when initial awards were made. Others believed that it was important at the point before the student received his award. There was disagreement about where the primary responsibility for verification should be placed. Some believed the services are responsible for verification of the data. Others said the awarding agency and institution were primarily responsible for the verification. A third opinion was that both are equally responsible.

Consensus on some points was achieved, and the Task Force recommends that:

(1) That awarding agencies and institutions be strongly urged to verify appropriate financial data for the current year by use of state or federal tax statements.

(2) That need analysis services and state agencies which serve as processors provide extensive edit checks and diagnostic statements to financial aid officers to help them identify those applications which may need careful attention and follow-up for verification of data.

(3) *That all agencies and institutions support the verification process by exchanging information appropriate to the administration of student aid. Legislatures should be urged to oppose laws that will limit this exchange. Laws should be passed to permit public agencies not directly involved with financial aid administration (e.g., state and local tax bureaus) to provide agencies and institutions with verification information.*

(4) *That applications for financial assistance beyond a student's initial year of postsecondary education should be based on and filed after the base year tax forms are completed.*

(5) *That the current efforts of the services to develop procedures and systems of verification and validation be continued and expanded as appropriate means of addressing these issues.*

A DATA PROCESSING SIMULATION MODEL TO TEST VARIOUS MEASURES FOR DETERMINING PARENTAL ABILITY TO PAY

One of the continuing difficulties in establishing and maintaining a single standard for determining parental ability to pay revolves around the problem of testing various changes and modifications to the existing systems against a standardized data base and against the results of other systems produced against the same data base. In the absence of such comparative data, each system must operate independently of each other -- a factor which contributes to some significant portion of the differences which presently exist. Recognizing this need, the Task Force commissioned the development of a data processing simulation model.

The model is concerned with simulating the effects of different need analysis approaches on parental contribution toward college costs. Although it could conceivably be used to compare approaches in need analysis for independent students, the model is specifically designed to contain all of the major factors included in existing parental contribution systems. The initial programmed model will include the three major systems for determining parental contribution (ACT, CSS, and BEOG) as operational in their fall, 1974, versions. Since it is impossible to anticipate all of the possible need analysis approaches which a user might wish to test, the standard model provides a user entry for any additionally programmed need analysis system which might be desired.

The model consists of four sections:

1. A structured input section that will accept standard need analysis characteristics and items;
2. A user programmed need analysis system or systems;
3. An output section that provides comparisons with parental contribution and an analysis of the major factors that contribute to the differences in results;

4. A storage section that will retain the results of up to ten different need analysis runs and permit the user to designate any one of the ten as the base or test run for comparison purposes.

In recommending the development of the model, the Task Force was aware that its operation and maintenance would be beyond the scope and ability of the Task Force. Upon delivery, the data processing model will be made available to any interested agency, organization, or institution that wishes to use it. A charge sufficient to cover the cost of reproducing the materials will be requested of the recipients. When the Task Force expires, the model will be turned over to the National Institute for Financial Aid Administration or some other similar organization on the condition that they continue to make it available on request for no charge greater than that required to maintain and duplicate the materials.

STUDENT EXPENSE BUDGETS

The Task Force recognizes that the current lack of uniformity in the construction of student budgets seriously inhibits the equitable distribution of student aid. Just as the lack of uniformity in the measurement of family resources results in variability in the determination of need for economic subsidy and program eligibility, the lack of uniformity in the construction of student expense budgets results in non-standard or non-equivalent estimates of student need. It also results in unrealistic estimates of student need.

In order to determine a particular student's need, his/her ability to pay for postsecondary education has to be compared with the total costs of his/her education or "student budget." If student budgets do not reflect real differences in actual costs, then when real differences reflected in the measurement of ability to pay are compared with these inaccurate student budgets, unrealistically high or low estimates of the student's true financial need will result. This event causes an inequitable distribution of needs-based student aid awards.

> *A student expense budget may be defined as all expenses which are reasonably related to a specific student's attendance at a specific postsecondary institution for a specific period of time. The Task Force recognizes that many variances in student budgets reflect real differences in expenditure profiles of students at various institutions. Differences which are not based on the real expenditure patterns of students should be eliminated.*

Direct educational costs (tuition, fees, books and supplies) vary from institution to institution because of differences among postsecondary institutions' pricing policies. This is a legitimate source of variability and should be recognized in budget instruction procedures.

Budgets vary from institution to institution in part because of place-to-place differences in cost-of-living. The Bureau of Labor Statistics has recently published data showing that moderate level consumption budgets are 37 percent higher in Anchorage, Alaska than in Orlando, Florida. Thus, the price levels in the area in which the postsecondary institution is located may be expected to affect the consumption portion of the student expense budget.

Most postsecondary institutions construct separate budgets for different groups of students in an effort to recognize their different expenditure profiles. Typically, budgets are constructed for unmarried students living in dormitories, their counterparts living in off-campus quarters, commuter students who live with their parents, and married students with differing numbers of children. Some institutions also recognize that consumption budgets vary by age and construct budgets grouped by the student's age. Each of these is a "legitimate" cause for variability in student expense budgets _if_ it reflects real differences in student educational expenditure profiles.

But student budgets also vary because of philosophical and methodological differences. For example, some student aid administrators prefer to use conservative standards for student budgets because they expect aid recipients to live at a standard of living which is lower than reasonable. Some aid administrators vary student budgets according to estimates of student resources. The budget is raised or lowered because of student self-help expectations.

Budgets vary because of methodological differences in budget estimating procedures. Some aid administrators rely solely on their judgment when constructing student expense budgets; others conduct surveys of student expenditures; and still others look to sources such as the Bureau of Labor Statistics for budget standards.

Budgets sometimes vary because they are based upon items which an aid program may or may not be able to support, e.g., recreational and personal expenses, child care or child support payments, etc. Budgets may also vary because aid administrators choose to present reduced budgets to students in order to disguise the fact that their available student aid would not meet the real financial needs of all students. These are not legitimate reasons for variances in budgets.

> *The Task Force believes that budgets should reflect real differences in student costs and not differences in a program's ability to pay for those costs or to meet the students' needs.*

Much of the variability in student budgets could and should be alleviated by constructing budgets which reflect only real differences in student educational expenditures. The student budget should be independent of student income patterns and the anticipated allocation of aid funds. Or, to put it another way, student budgets should reflect real expenditures and should not be used to artificially ration aid dollars among different types of students nor to disguise assumptions about self-help expectations which more appropriately should be matters of policy and a visible part of the calculation of ability to pay for education.

Furthermore, the student budget should be independent of the kinds or amounts of expenses that an aid program can legally (or philosophically) help defray. If there are limitations on the amounts and types of expenses (or needs) that a student aid program can meet, the student should be so informed. No one should attempt to disguise these matters of policy or procedure by altering the student budget.

The process of constructing a realistic student budget and the budget so constructed presents the best opportunity to provide students with information needed to permit informed choices about what they must pay and can choose to pay for their education and the costs of living as a student. If the student budget presented to the student has been altered by philosophical assumptions, legal fiats, or methodological misconceptions, the student cannot make realistic choices or plans because the information is not realistic.

The Task Force recommends that:

> *Student budgets be developed, constructed and presented to students in a manner which will reflect the types and amounts of expenditures that students within different budgetary types experience in maintaining a moderate but adequate standard of living.*

If enough aid were available to meet all the student aid needs of all students and administrative time and resources were plentiful, it could be argued that separate budgets for every student should be constructed which would include "any expenses reasonably necessary for the student to remain in school." However, there are not sufficient aid or administrative resources to meet or measure everyone's "expenses reasonably necessary to remain in school." Furthermore, since many different student aid programs are funded from public sources, each student aid program should determine what constitutes reasonable expenses guided by some common standards or guidelines.

Appendix C of this report provides some general guidelines for the items which should be included in student budgets, the definitions of those items, and models for construction of the appropriate amounts and types of student budgets.

Since one of the major reasons for developing more accurate budgets is the need for more equitable expenditure of public funds, the Federal and state governments should encourage and assist institutional aid administrators to do research on this topic. One of the best ways to do this would be for the governments to provide administrative allowances to institutions which enroll their aid recipients.

> *Therefore, the Task Force recommends that the Federal and state governments provide institutions with administrative allowances which are based upon the numbers of enrolled Federal and state aid recipients on that campus. In addition or until such time as administrative allowances are provided, Federal and state aid programs should include in their administrative budgets funds to provide related services which would help to minimize the institutional costs in responding to the governmental requests for general or specific student aid information.*

The allowance should be made to institutions expressly for the purpose of student aid administration. Good administration includes performing research to verify and modify existing practices.

A STUDENT BUDGET RESEARCH SERVICE

The Task Force recognizes that the barriers to research on student budgets are not all surmountable by increased administrative allowances. Even if money is available to pay for the cost of printing, administering, and processing questionnaires, many aid administrators may lack the staff time and research skills necessary to conduct the best possible studies.

> *Therefore, the Task Force recommends that the College Scholarship Service, the American College Testing Program, and the Graduate and Professional Financial Aid Council in cooperation with the National Association of Student Financial Aid Administrators and state scholarship agencies develop and provide consultative services to campuses for the purpose of establishing local student budgetary norms.*

The service should provide assistance in sampling, questionnaire design and administration, and data analysis and should be provided to institutions at the lowest possible cost. These three cooperating associations should periodically provide summary reports of their student budgetary activities to their various constituencies so that all interested parties can more closely monitor the shifts in student educational expenditure profiles. These summary reports can and should be made a regular part of the Program Summary Data Exchange network recommended by the Task Force in Chapter IV of this report.

CHAPTER III

The Student Common Data Form

One of the most significant problems in student aid is the number of applications and data collection documents which students and parents must complete in order to obtain aid from a variety of sources. Even a student who is applying for student aid at just one postsecondary institution may be required to complete up to seven different documents used to determine aid eligibility.

For example, the student and parents may complete the institutional financial aid application, the American College Testing Program's Family Financial Statement for the institution's need analysis purposes, the Basic Educational Opportunity Grant Program application, an application for a state scholarship or loan, the College Scholarship Service's Parents' Confidential Statement for the state agency's need analysis purposes, an application to a bank for a Federally Insured Student Loan, and, finally, an application for a teacher education scholarship or some other form of categorical aid! If the student applies to more than one institution, he/she may have to complete even more applications, as each institution may have its own and the combinations may vary from state to state.

In order to complete these applications, the student and parents have to assemble and accumulate financial information from their income tax forms, information about their past and anticipated income and expenditure patterns, and information about anticipated educational costs. Then the student and parents must decide how to respond to questions on each of the applications. Even though the question may be seeking the same or similar answers they are asked in different formats with phrases or concepts which have slightly different meanings or nuances. Because the applications require different filing dates and may be obtained at different times, the process of assembling data may take place five or more times.

Students and parents frequently become quite confused about what information is required of them and fail to correctly complete all the items on a particular application. Some students and parents simply fail to apply -- even though they need aid -- because of the effort involved.

The problems created for students and parents by multiple application forms and filing procedures have not gone unrecognized by student aid administrators, institutions, the U.S. Office of Education nor the need analysis services. To solve these problems two major issues had to be resolved: agreement on a common form and development of a sensible delivery system for student aid.

DEVELOPMENT OF A PROTOTYPE FORM

The problems associated with developing a single common data form and a unified delivery system are separate but interrelated. In order to develop a common form it is necessary to determine if the data elements needed by all aid programs and need analysis services are sufficiently similar to permit their collection on a single document. In order to develop a unified delivery system, it is necessary to determine how information collected by a common form or the document itself might flow from students and parents to and among aid programs and need analysis services. The significance and use of the data collected for decisions regarding program eligibility for financial assistance and assessment of ability-to-pay (or family financial strength) will affect both the common form and the delivery system.

To determine what student and parent data are necessary to a common form, four criteria were developed to evaluate data elements on the various forms presently in use:

1. Is the data element necessary to satisfy some state or Federal statutory requirement, such as state of legal residence;
2. Is the data element necessary for the determination of program eligibility, such as evidence of high school graduation or citizenship;
3. Is the data element necessary to determine family ability to pay as measured by the consensus model developed by the Task Force; or
4. Is the data element necessary simply because it is used for some other purpose with a frequency that justifies its inclusion?

These criteria permitted identification of a common core of data elements. The elements can be combined in a format enabling the determination of eligibility for most student aid presently available and the determination of ability to pay without seriously detracting from any existing system's current capacity to perform these functions.

The matter of delivery system is directly involved in the development of the common form. Since the basic assumption of the Task Force was to make initial recommendations which were consistent with the present constellation of programs and systems, it was necessary to develop a prototype form which could be implemented within the technological capabilities of existing service agencies. Because some systems use a keypunch mode for data input, others use a mark-sense mode, and yet others use manual processes, it was necessary to provide for the needs of all three methods. This required the development of two distinct sections of the form -- one suitable for keypunch and/or manual processing and the other suitable for mark-sense processing. The data required for the two sections are exactly the same. Only the format is different. Aside from the problems of delivery system which will be discussed in the next section of this chapter the draft prototype form and instructions included at the end of this chapter meet the criteria described above. It is recognized, however, that from time to time items will need to be added or deleted in order to refine the document.

In addition, the Task Force decided that the purpose of the form encompassed goals beyond "driving" need analysis systems and included a need for items which would make the form suitable as a state or institutional application as well. The Committee deliberately held to a minimum the number of such items in order to encourage states and institutions to seriously evaluate data now collected. It was believed that many items presently collected were done so for historical reasons or that the data could reasonably be derived from other sources.

SHORT-RANGE IMPLEMENTATION

The Student Common Data Form offered here is a prototype and has not yet been field-tested. It is believed, however, that its data elements and composition meet the four outlined criteria. The Task Force is planning to make the prototype documents available to a number of states for field-testing during 1975. It is anticipated that these field-tests will demonstrate the value and validity of the prototype and will lead to modifications,

If the Student Common Data Form receives wide-spread acceptance, student aid programs and need analysis systems might take two types of actions which would help students and parents. The data elements might be incorporated into their existing applications and data collection documents, or the Form itself might be adopted and implemented.

Either of these actions would help students and parents because aid applications would contain identical questions so students and parents would be asked for a common set of data. Once the students and parents had assembled the appropriate information and completed one form, they could use the same data to complete additional forms.

In order to move toward the goal of one application per student and family each year, a unified delivery system of forms and aid would have to be designed. The Task Force considered several methods of achieving this goal.

As the Task Force explored alternative proposals for delivery systems which utilize a Student Common Data Form, several questions recurred:

1. Can any form -- and in particular, the Student Common Data Form -- be used by existing need analysis systems that employ different methods for entering data into record files, e.g., keypunch or mark-sense methods?

2. What methods of processing forms are most feasible and desirable to institutional, state, and Federal aid programs?

3. What are the costs of implementing a Student Common Data Form in various systems? What costs will accrue to students and programs using the Student Common Data Form?

4. How is confidentiality of information insured in a system utilizing a Student Common Data Form?

5. What conditions or characteristics of a system will produce the most support for and use of a Student Common Data Form?

The Task Force decided that there were no fundamental obstacles to creating a form which could be conveniently adapted to either keypunch or mark-sense entry into record files. The present technology very adequately permits the development of a Student Common Data Form which can be processed by either method. The Committee's prime concern was to insure that programs and services could utilize the Student Common Data Form in their current processing systems.

As alternative delivery systems were developed and considered, it became necessary to develop criteria for evaluating them. The criteria were as follows:

1. How close does the proposed delivery system come to achieving the Task Force's goal of one document filed once per year for all financial aid programs?

2. Does the proposed delivery system enhance or inhibit the timely notification of decisions to students?

3. Can the proposed delivery system provide timely information necessary to decisions by a wide variety of programs which utilize widely differing criteria for eligibility?

4. Is the implementation of the proposed delivery system likely to reduce costs to programs and students in relation to its output and effectiveness?

5. Can the proposed delivery system provide programs with an original, copy, or transcript of the Student Common Data Form if it is so desired?

6. Can the proposed delivery system be feasibly implemented in the near future with minimal disruptions to existing programs? Or, how will the proposed delivery system affect existing programs and systems?

The different options for delivery systems considered are summarized below. Additional detailed information about the systems and their positive and negative aspects is included in Appendix F.

Option I

This option merely assumes that the existing need analysis services and student aid programs will adopt the common items and definitions to their data collection documents and applications. With the adoption of common items and common definitions within existing but diverse formats, a first level short-range movement toward the goal of a single Student Common Data Form is taken. There are minimal changes required to implement this system. Programs only have to agree to use common definitions and items, they do not have to adopt the consensus model or otherwise coordinate their activities. The costs of this option are primarily related to redesign and printing of application forms and some redesign of data processing modes where new definitions don't correspond with current ones.

The managements of the American College Testing Program, College Scholarship Service, and the Graduate and Professional Financial Aid Council have agreed to adopt the common need analysis items and definitions for their forms to be produced for use during the 1975-76 processing year (for students applying for aid for the 1976-77 academic year beginning in September, 1976). This represents progress toward the goal of the Task Force, but does not completely alleviate the necessity for many students to file more than one form. Its acceptance is likely to guarantee the continued existence of many forms. The Task Force does not recommend this as a long-term solution to the problem.

Option II

This option assumes that institutional, state, and Federal aid programs will adopt the Student Common Data Form and the consensus model for determination of family financial strength. With the adoption of the Student Common Data Form the student and parents will have to accumulate information for filing an application just once, even though the student may have to file several copies of the Form with different agencies at different points in time. This process might be aided by a multiple copy form including both a key-punch and mark-sense format. This would require consolidated approaches to the printing and distribution of the Form.

While Option II depends upon agreement among services and programs to utilize a single form, it does not require agreement on uniform timing or coordination, nor does it require that service agencies and programs determine program eligibility in any fashion or with any criteria other than those currently employed.

Because copies of the Student Common Data Form can be mass produced, there is likely to be some program cost savings in Option II over Option I where items are simply incorporated into existing documents. Savings to the student, however, are not significant because he/she still has to file several documents.

It appears to the Task Force that this option could be implemented without substantial problems by existing program services. However, final decisions on this option will require exploration of all of the technical considerations and cost implications. Representatives of the major service agencies are reviewing these issues. If it appears feasible, this option would be a medium-range vehicle for accomplishing the Task Force's goal during the 1976-77 processing year.

Option III

This option incorporates one additional but very significant feature into Option II. Under Option III the single-agency processing policy of the BEOG Program would be discarded and the Program would permit several agencies to generate Family Contribution Indices on the basis of data they receive from students on the Student Common Data Form according to standards and procedures prescribed by the Office of Education.

In Option III, an output document for the Basic Grant could be incorporated into the processing results of all programs and services that had contracts with the Federal Government. This would reduce the number of points to which students would have to mail applications because they would learn of their eligibility for a Basic Grant from another financial aid program.

The introduction of a multiple agency processing policy for the Basic Grant poses some problems for the Program including the procedures for form clearances. Even if a Student Common Data Form was acceptable to the Program and other agencies, clearance would be an annual process. Further, under current Federal contract-letting procedures, it would be difficult to identify which services and programs would be able to participate and how the costs related to just BEOG processing would be separated from other needs analysis processing costs. For these reasons, the Committee does not recommend Option III for immediate implementation.

Option IV

In Option IV the Student Common Data Form would be accepted and implemented by services and aid programs and the consensus model for analyzing family financial strength utilized by all programs. Option IV adds to the previous options a system whereby services and programs serve as transmitters of copies of the Student Common Data Form itself to other programs. Specific agencies or services for a state, region, or nation could be identified to receive Student Common Data Form applications from students. The need analysis services would process the Student Common Data Form and provide student record files to programs much in the same fashion that the College Scholarship Service, the American College Testing Program, and the Graduate and Professional Financial Aid Council now function.

If a student aid program, such as a state scholarship and loan agency was designated to receive the original Student Common Data Form, it would process the data for its own purposes and forward a copy of the Form to other agencies and programs designated by the student.

Option IV would permit the student to complete a multiple copy Form just once and mail it to a single agency which would be responsible for sending copies to all other programs. The original recipient would not necessarily process or otherwise edit data for another processor.

The implementation of Option IV requires agreement on a single version of the Student Common Data Form and a high level of coordination and communication among programs in order to reduce the amount of time between receipt of the Form and distribution of copies to designated agencies.

The costs of such a system for the original recipient agency would increase if it were a student aid program rather than a service which already performs a distribution function. A scholarship program would have to develop provisions for duplicating and distributing copies of the Form to other agencies. These costs are likely to be passed on to students in the form of an application fee. Since copies of the Student Common Data Form would be received by institutions and other programs just as originals are now, it would be difficult for them to assess an application fee to help defray their processing costs. A fee structure and fee collection system would have to be implemented in order to provide secondary recipients with the income necessary to defray processing costs.

Because of the complexities of coordination between and among programs under this option, it would be difficult to implement Option IV within a brief period of time. For this reason, it is recommended here only for long-term consideration.

Option V

In Option V a single agency would be designated or created for the purpose of receiving the Student Common Data Form and all other supportive documents (such as income verification documents) and for central processing of all information for all programs designated by the student.

This option would meet the Task Force's goal of having a single application filed just once a year for all aid programs.

The single agency would utilize the consensus model for determining family financial strength and would be responsible for frequently complex initial editing, correction and verification of data on the Form. Technology is important here as reports to other agencies and programs would have to be provided in a format compatible with their current record files.

Option V would be costly under the current diverse application schedules of various programs because the single agency would have to be able to transmit data to each program on perhaps many different schedules or, in the case of late student applications, in a very rapid fashion.

In order to ideally implement this delivery system all programs would have to accept the consensus model of determining family financial strength. Furthermore, all programs would have to agree that data included on the Student Common Data Form were sufficient to determine program eligibility.

There is nothing inherent in this "single-agency" approach which would prohibit programs or institutions from going to students for additional information. This practice, however, would contradict the intent of the Option and the Task Force's goals. The cost of Option V is likely to be less than the total costs for the many systems now operating, because just one agency would be performing the receiving, editing, verification, and data transmission functions that are now performed by many services and programs.

This option fully meets the Task Force's goals but its immediate implementation is unlikely because it would involve major infringements upon the integrity of current student aid programs and need analysis services. Put another way, one agency or set of agencies would take over the functions of many agencies, consequently changing the role of all of them. Student aid programs would have to orient their activities to counseling students, making decisions on the basis of common information, and processing awards instead of conducting major need analysis activities such as editing and verifying data. Need analysis services which were not part of the single-agency or single-agency network would also have to adopt new functions and roles in the student aid systems. Serious questions of privacy and confidentiality would have to be resolved before the Task Force could recommend this option.

CONCLUSIONS AND RECOMMENDATIONS

It is important to reiterate that the Student Common Data Form has not been field-tested nor has time permitted a complete examination of all the different implications of the delivery options offered above.

The prototype form developed by the Task Force should be implemented as soon as possible after field-testing so that movement will be made toward the goal of one form, one application, one time for all programs.

The prototype Student Common Data Form which has been developed and is presented here is intended to provide agencies and institutions with the fundamental data needed to determine eligibility and ability to pay in addition to the capacity to retrieve other information considered valuable for program management purposes. There are some as yet unresolved issues involved in implementation of the Form or any of the delivery systems presented:

1. The prototype has not been field-tested and reliance on the document as anything but a prototype may be premature.
2. There are still technological issues which must be resolved before the Form can be used.

Following discussion held prior to the last Task Force meeting, features of delivery system options II, III, and IV were incorporated into the following recommendations:

> *The Task Force recommends that for the 1975-76 processing year delivery system option I, calling for the adoption of the common items and definitions of the Common Form in existing data collection documents and applications, be implemented by the Federal, state, and private student aid programs; by the postsecondary institutions; and by the national need analysis services.*
>
> *The Task Force recommends that the Common Form itself, following field trials and modifications as appropriate, be adopted for the 1976-77 processing year by the Federal, state, and private student aid programs; by the postsecondary institutions; and by the national need analysis services as a single document for collecting the data necessary for the measurement of family ability to pay.*
>
> *The Task Force recommends that as soon as feasible a delivery system be implemented whereby (a) BEOG would continue to have a separate application processing function, (b) students who so requested could have a copy of data submitted to ACT, CSS, or some other agency (or data derived by them) transmitted to BEOG for processing in lieu of a separate application, and (c) students not submitting data for the determination of ability to pay to another processing agency would continue to submit applications directly to BEOG.*

These matters will continue to be explored by the concerned parties during 1975-76.

PRIVACY AND CONFIDENTIALITY

One of the primary causes of the lack of efficiency and economy in the present system for delivery of aid to students in postsecondary education is the multiplicity of forms which the student and parents must obtain, complete, and submit in order to demonstrate their eligibility for various forms of aid. The task Force, through its Working Committee on Common Form, has developed a prototype Student Common Data Form which could be utilized by most state, federal, and institutional aid programs. This form contains some items not needed by some programs, but the totality of the form will provide for considerable improvements in the delivery of the totality of aid.

Central to the success of the Common Form is its use by the Basic Educational Opportunity Grant Program. The BEOG application is for nearly all students an addition to those required by state and institutional aid programs. If the Basic Grant Program can and will use the Common Form there will be a substantial reduction in the level of difficulty of obtaining aid for a significant number of students. The program staff of the Basic Grant Program have expressed concern that their ability to use the Common Form may be restricted because of the Privacy Act of 1974 (P.L. 93-579).

The Privacy Act states in Section 552a (e) that "Each agency that maintains a system of records shall (i) maintain in its records only such information about an individual that is relevant and necessary to accomplish a purpose of the agency required to be accomplished by statute or by executive order of the President."

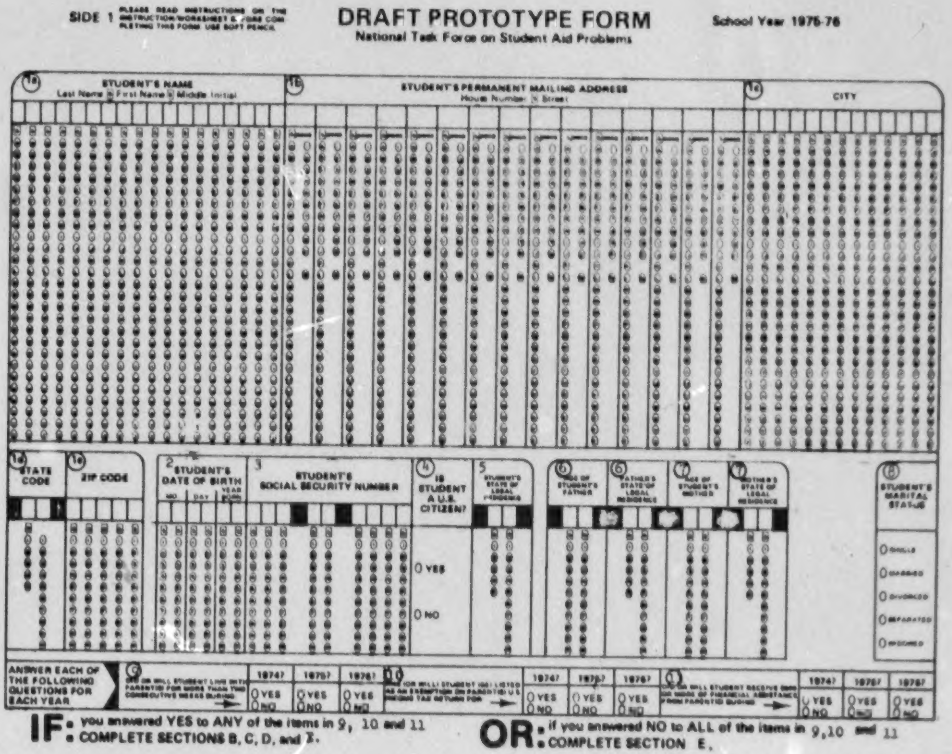
Obviously, there are a number of items on the Student Common Data Form that are not relevant to or absolutely necessary to the operation and administration of the Basic Educational Opportunity Grant Program by the Office of Education. Thus, if the provision of the Privacy Act cited above is read literally, the Office of Education would be prohibited from using the Student Common Data Form for the Basic Grant Program. It would appear that the Counsel of the Department of Health, Education, and Welfare, in interpreting draft regulations from the Office of Management and Budget, leans in the direction of this literal interpretation.

The Task Force would argue, however, that the Basic Grant Program is simply a small part of an Act of Congress -- that the Education Ammendments of 1972 (P.L. 92-318) establishes a comprehensive program of student aid of which the Basic Grant Program is only one. Subpart I of Part A of the Act establishes the Basic Grants; Subpart 2 authorizes the Supplemental Grants; Subpart 3 authorizes State Student Incentive Grants; Subpart 4 authorizes Special Programs for the Disadvantaged. Work-Study and Guaranteed Loans are integral parts of the same section, and immediately following this section comes the National Direct Student Loans (labeled Part E).

It is the position of the Task Force that all of the data required on the Common Form are relevant and necessary to the accomplishment of the statutory purposes of the comprehensive program of student aid established by P.L. 92-318, and that the collection and maintenance of the information on the Common Form is not in violation of the Privacy Act. This position is supported by the language of the Conference Report on the Education Amendments of 1972 which states, "This (BEOG) is viewed as the foundation upon which all other Federal student assistance programs are based." It does not appear to the Task Force that it can be argued that BEOG is so separate from the programs for which it serves as the foundation that it is precluded from collecting and maintaining the information which is necessary for the administration of these other programs.

If the above position is accepted, there seems to be no problem in transmitting information back and forth between and among the concerned parties. The Privacy Act reads (in Paragraph 552a (7) (b)), "No agency shall disclose any record . . . unless disclosure of the record would be . . . (3) for a routine use as defined in subsection (a)(7)." Routine use, in turn, "means, with respect to disclosure of a record, the use of such record for a purpose which is compatible with the purposes for which it was collected. Surely, the transmission of student records to State student aid agencies and institutions which can award aid to a student can only be regarded as a use which is compatible with the purposes for which the data were collected.

> *The Task Force urges the counsels of the Department of Health, Education, and Welfare and the Office of Education to consider the implications of what appears to be their present interpretation of the language of the Privacy Act cited here would have on the orderly and economical delivery of student aid. The Task Force believes that the positions it has stated here are consistent with the purposes of both the Privacy Act and the Education Amendment of 1972. The Task Force believes that this position is of sufficient importance that if it can not be accepted by the counsels that the Congress should be asked to amend the Privacy Act to permit use of the Student Common Data Form by the Basic Grant Program.*



SIDE 1 PLEASE READ INSTRUCTIONS ON THE INSTRUCTION/WORKSHEET & BEFORE COMPLETING THIS FORM USE SOFT PENCIL.

DRAFT PROTOTYPE FORM

National Task Force on Student Aid Problems

School Year 1975-76

1a STUDENT'S NAME
Last Name · First Name · Middle Initial

1b STUDENT'S PERMANENT MAILING ADDRESS
House Number · Street

1c CITY

1d STATE CODE

1e ZIP CODE

2 STUDENT'S DATE OF BIRTH
MO · DAY · YEAR BORN

3 STUDENT'S SOCIAL SECURITY NUMBER

4 IS STUDENT A U.S. CITIZEN?
○ YES
○ NO

5 STUDENT'S STATE OF LEGAL RESIDENCE

6 AGE OF STUDENT'S FATHER

6 FATHER'S STATE OF LEGAL RESIDENCE

7 AGE OF STUDENT'S MOTHER

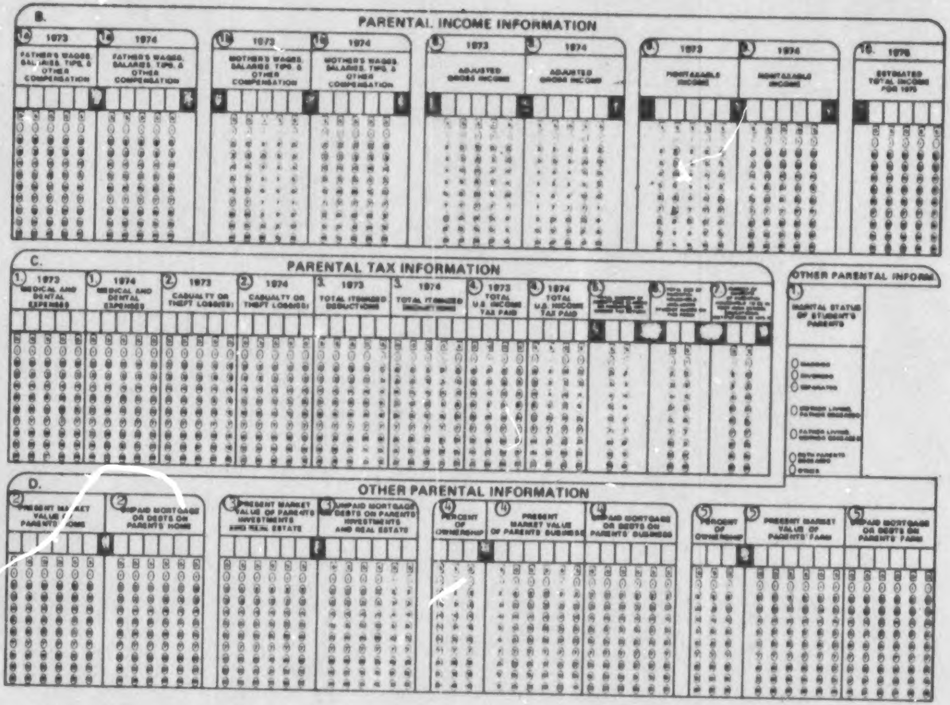
7 MOTHER'S STATE OF LEGAL RESIDENCE

8 STUDENT'S MARITAL STATUS
○ SINGLE
○ MARRIED
○ DIVORCED
○ SEPARATED
○ WIDOWED

ANSWER EACH OF THE FOLLOWING QUESTIONS FOR EACH YEAR	1974?	1975?	1976?
9 DID OR WILL STUDENT LIVE WITH PARENT(S) FOR MORE THAN TWO CONSECUTIVE WEEKS DURING →	○ YES ○ NO	○ YES ○ NO	○ YES ○ NO
10 DID OR WILL STUDENT (BE) LISTED AS AN EXEMPTION ON PARENT(S) U.S. INCOME TAX RETURN FOR →	○ YES ○ NO	○ YES ○ NO	○ YES ○ NO
11 DID OR WILL STUDENT RECEIVE $600 OR MORE OF FINANCIAL ASSISTANCE FROM PARENT(S) DURING →	○ YES ○ NO	○ YES ○ NO	○ YES ○ NO

IF: you answered YES to ANY of the items in 9, 10 and 11
COMPLETE SECTIONS B, C, D, and E.

OR: if you answered NO to ALL of the items in 9,10 and 11
COMPLETE SECTION E.



B. PARENTAL INCOME INFORMATION

1973	1974	1973	1974	1973	1974	1973	1974	16. 1975
FATHER'S WAGES, SALARIES, TIPS, & OTHER COMPENSATION	FATHER'S WAGES, SALARIES, TIPS, & OTHER COMPENSATION	MOTHER'S WAGES, SALARIES, TIPS, & OTHER COMPENSATION	MOTHER'S WAGES, SALARIES, TIPS, & OTHER COMPENSATION	ADJUSTED GROSS INCOME	ADJUSTED GROSS INCOME	NONTAXABLE INCOME	NONTAXABLE INCOME	ESTIMATED TOTAL INCOME FOR 1975

C. PARENTAL TAX INFORMATION

① 1973	① 1974	② 1973	② 1974	3. 1973	3. 1974	④ 1973	④ 1974	⑤	⑥	⑦
MEDICAL AND DENTAL EXPENSES	MEDICAL AND DENTAL EXPENSES	CASUALTY OR THEFT LOSS(ES)	CASUALTY OR THEFT LOSS(ES)	TOTAL ITEMIZED DEDUCTIONS	TOTAL ITEMIZED DEDUCTIONS	TOTAL U.S. INCOME TAX PAID	TOTAL U.S. INCOME TAX PAID	[illegible]	[illegible]	[illegible]

OTHER PARENTAL INFORM

① MARITAL STATUS OF STUDENT'S PARENTS

○ MARRIED
○ DIVORCED
○ SEPARATED
○ MOTHER LIVING, FATHER DECEASED
○ FATHER LIVING, MOTHER DECEASED
○ BOTH PARENTS DECEASED
○ OTHER

D. OTHER PARENTAL INFORMATION

②	②	③	③	④	④	④	⑤	⑤	⑤
PRESENT MARKET VALUE OF PARENTS' HOME	UNPAID MORTGAGE OR DEBTS ON PARENTS' HOME	PRESENT MARKET VALUE OF PARENTS' INVESTMENTS AND REAL ESTATE	UNPAID MORTGAGE OR DEBTS ON PARENTS' INVESTMENTS AND REAL ESTATE	PERCENT OF OWNERSHIP	PRESENT MARKET VALUE OF PARENTS' BUSINESS	UNPAID MORTGAGE OR DEBTS ON PARENTS' BUSINESS	PERCENT OF OWNERSHIP	PRESENT MARKET VALUE OF PARENTS' FARM	UNPAID MORTGAGE OR DEBTS ON PARENTS' FARM

SIDE 2

SIDE 3

OTHER PARENTAL INFORMATION (cont'd)

6 CASH, SAVINGS ACCOUNTS, CHECKING ACCOUNTS	7 OTHER DEBTS	8 [illegible]

E. STUDENT'S INFORMATION

1 1974 ADJUSTED GROSS INCOME	2a 1974 STUDENT'S PORTION	2b 1974 SPOUSE'S PORTION	3 1974 OTHER INCOME	4 1974 TOTAL U.S. INCOME TAX PAID	5 1974 MEDICAL AND DENTAL EXPENSES	6 1974 CASUALTY OR THEFT LOSS(ES)

7 PRESENT MARKET VALUE OF STUDENT'S HOME	7 UNPAID MORTGAGE OR DEBTS ON STUDENT'S HOME	8 PRESENT MARKET VALUE OF STUDENT'S INVESTMENTS AND REAL ESTATE	8 UNPAID MORTGAGE OR DEBTS ON STUDENT'S INVESTMENTS AND REAL ESTATE	9 PERCENT OF OWNERSHIP	9 PRESENT MARKET VALUE OF STUDENT'S BUSINESS	9 UNPAID MORTGAGE OR DEBTS ON STUDENT'S BUSINESS

10 PERCENT OF OWNERSHIP	10 PRESENT MARKET VALUE OF STUDENT'S FARM	10 UNPAID MORTGAGE OR DEBTS ON STUDENT'S FARM

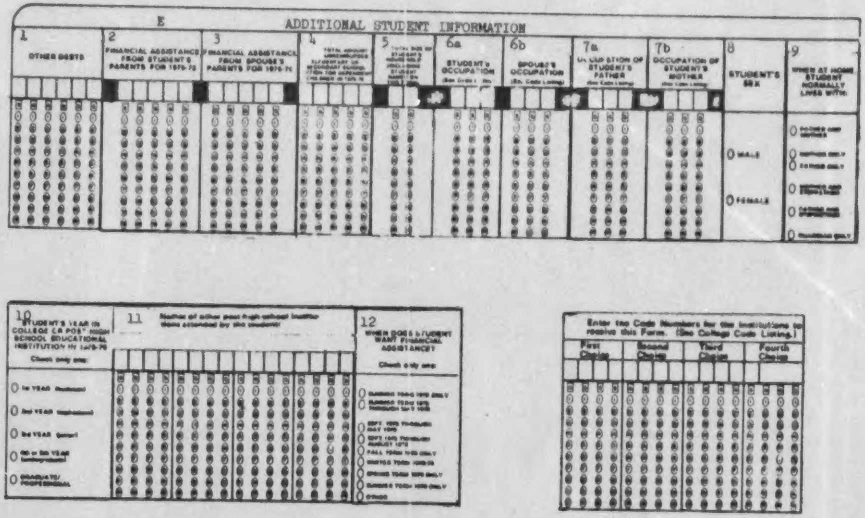
11 CASH, SAVINGS ACCOUNTS, CHECKING ACCOUNTS	12 VETERANS GI BILL EDUCATIONAL BENEFITS FOR 1975-76	13 [illegible]	14 [illegible]

CERTIFICATION AND AUTHORIZATION

I (We) certify that to the best of my (our) knowledge the information contained in this statement is correct and complete. I (We) authorize the agency to which this form has been sent to transmit the information to colleges, schools, Federal, state or other agencies indicated herein. If requested, I (we) agree to release copies of my (our) United States or state income tax or other related official documents to the agency receiving this form or the colleges, schools, Federal, state or other agencies indicated herein. I (We) further certify that no false statement or misrepresentation is contained herein, knowing that such false statement or misrepresentation shall make me (us) subject to a fine, or to imprisonment, or to both under provisions of the United States Criminal Code, as this form may apply to my (our) eligibility for federal financial assistance.

Signature(s) of student and spouse ______________________ Date ______
______________________ Date ______

Signatures of both parents (or guardian) ______________________ Date ______
______________________ Date ______



E

ADDITIONAL STUDENT INFORMATION

1 OTHER DEBTS

2 FINANCIAL ASSISTANCE FROM STUDENT'S PARENTS FOR 1975-76

3 FINANCIAL ASSISTANCE FROM SPOUSE'S PARENTS FOR 1975-76

4 TOTAL AMOUNT [illegible]

5 TOTAL SIZE OF STUDENT'S HOUSEHOLD [illegible]

6a STUDENT'S OCCUPATION (See Code Listing)

6b SPOUSE'S OCCUPATION (See Code Listing)

7a OCCUPATION OF STUDENT'S FATHER (See Code Listing)

7b OCCUPATION OF STUDENT'S MOTHER (See Code Listing)

8 STUDENT'S SEX

○ MALE

○ FEMALE

9 WHEN AT HOME STUDENT NORMALLY LIVES WITH:

○ FATHER AND MOTHER

○ MOTHER ONLY

○ FATHER ONLY

○ [illegible]

○ [illegible]

○ [illegible]

10 STUDENT'S YEAR IN COLLEGE OR POST HIGH SCHOOL EDUCATIONAL INSTITUTION IN 1975-76

Check only one:

○ 1st YEAR (freshman)

○ 2nd YEAR (sophomore)

○ 3rd YEAR (junior)

○ 4th or 5th YEAR (undergraduate)

○ GRADUATE/PROFESSIONAL

11 Name of other post high school institutions attended by the student

12 WHEN DOES STUDENT WANT FINANCIAL ASSISTANCE?

Check only one:

○ SUMMER TERM 1975 ONLY

○ SUMMER TERM 1975 THROUGH MAY 1976

○ SEPT. 1975 THROUGH MAY 1976

○ SEPT. 1975 THROUGH AUGUST 1976

○ FALL TERM 1975 ONLY

○ WINTER TERM 1975-76

○ SPRING TERM 1976 ONLY

○ SUMMER TERM 1976 ONLY

○ OTHER

Enter the Code Numbers for the institutions to receive this Form. (See College Code Listing.)

First Choice | Second Choice | Third Choice | Fourth Choice

Use this space to explain any unusual circumstances:

I

GENERAL INFORMATION AND INSTRUCTIONS FOR COMPLETING THE FORM - READ CAREFULLY

This form has been designed so that the information requested can be used by a variety of services, programs and institutions to evaluate your need for financial aid for the 1975-76 academic year. While not all items requested are needed to determine your eligibility for aid, each item is important for the proper processing of the form. We have tried to make the job of filing easier by asking you to gather the information just once for a wide range of programs. Since academic institutions and State programs use different services to evaluate need, you must take care to send the completed form to the proper service agency which processes them for the institution(s) you plan to attend. Since you may be applying to two or more institutions and programs using different services, you may have to mail more than one copy of the form. A coded list of institutions and programs has been included so that you can identify the appropriate codes for the institutions or programs which should receive reports and analyses based on your application. Use it to identify the appropriate service agency which will process this form. If you are applying for the BEOG Program only, complete the form through the bottom of the left-hand side of page 2, and be certain to enter "BEOG" in the last item on that side of the page. Tear off the completed sections at the perforation and mail to the BEOG processor identified in the codes. There is no charge for processing your BEOG application. If you are applying for additional aid programs, the agency which receives your information can send the necessary data to the BEOG processor so long as you identify "BEOG" as one of the programs to receive reports on this form.

As you complete the form be certain that you have read the instructions carefully and fully understand what information is being requested. In some instances, your answer to one question will determine how you must answer others. Be certain that you:

1) Print all entries, preferably in dark ink, except in the "mark sense" section, where you must use an ordinary #2 pencil;
2) Enter information only in the spaces provided;
3) Enter dollar amounts rounded to the nearest dollar.. do not enter cents;
4) Fill in all spaces where dollar amounts are requested. If there is no amount to be entered, enter zeros;
5) Estimate dollar amounts if actual amounts are not available;
6) Provide all information requested of you, your spouse and your parents;
7) Sign and date the form. Please be sure to enclose a check or money order, payable to the appropriate service listed in the codes, if such a fee is in order. THERE IS NO CHARGE FOR YOUR BEOG PROGRAM APPLICATION PROCESSING;
8) Check to make certain that you have properly identified the service or services, program(s) or institution(s) to receive this form and reports.

If the institution or program to which you are applying is identified in the code listing as using the services of one of the need analysis service agencies, you must submit a copy of the form to the appropriate agency (please note whether the mark-sense section must be filed with the agency) and send a fee along with the form for the number of institutions and programs which will receive reports from the agency.

COMPLETING THE FORM

ALL STUDENTS MUST COMPLETE SECTIONS "A" AND "B"...YOUR ANSWERS TO THE LAST THREE QUESTIONS IN SECTION "A" DETERMINE HOW YOU ARE TO COMPLETE OTHER SECTIONS OF THE FORM. IF YOU ARE PLANNING TO ATTEND INSTITUTIONS CODED AS____OR PROGRAMS CODED AS____, ARE REQUIRED TO SUBMIT YOUR FORM TO SERVICE " " OR ARE AN APPLICANT FOR ONE OF THE HEALTH PROFESSIONS STUDENT AID PROGRAMS, YOU ARE REQUIRED TO PROVIDE INFORMATION IN ALL SECTIONS OF THE FORM AND SUBMIT THE FORM AS INSTRUCTED.

SECTION A

Fill in all items as requested.

II

1b/6 Your permanent mailing address will be used to communicate with you and your family. Use the Postal Service standard abbreviation when identifying your State. Use also when you identify your State of legal residence. If you are dependent upon one or both parents or guardians, and you do not claim separate legal residence, your State of legal residence is the same as that of the parent(s) or guardian(s) with whom you last lived. (The Postal Service codes are in the code list.)

With respect to questions 9, 10 & 11, the following information is requested:

9 - Did you live with your parent(s), or do you plan to do so, during 1974, 75, 76? Check as appropriate. You must check YES if you lived at home for any period of more than two consecutive weeks during that year;

10 - Were you or will you be listed as an exemption on your parents' U.S. Income Tax Return for 1974, 75, 76? Check as appropriate;

11 - Did you or do you expect to receive more than $600 in financial assistance from your parent(s) in 1974, 75, 76? Check as appropriate. Included under financial assistance are such items as room and board for periods you lived at home, clothes, medical and dental care, cash gifts and the cost of education. Estimate the value of these to determine your answers.

IF YOU ANSWERED "YES" TO ANY OF THE ITEMS IN QUESTIONS 9, 10 OR 11, YOU MUST COMPLETE SECTIONS B, C & D; IF YOU ANSWERED "NO" TO ALL OF THE ITEMS IN QUESTIONS 9, 10 AND 11, YOU MUST COMPLETE ONLY SECTION E.

SECTION B

Your parent(s) must provide all of the information requested. In providing income information, they must use the actual figures used on their U.S. Income Tax Return or the actual figures which will be used when the U.S. Income Tax Return is filed. If your parents are separated or divorced, only information which applies to the parent who provides the largest amount of your support should be submitted.

For 1973 and 1974...

1a
1b - Enter the amount of "wages, salaries, tips and other employee compensation" for working parent from the appropriate line of the U.S. Income Tax Return. If the 1974 return is not yet filed, use the actual figures which will be filed.

2 - Total these. If both parents work, but do not file joint returns, total the amounts from their separate returns (1040, line 9; 1040A, line 9).

3,4 - Enter total dividends and interest from the tax return (1040, lines 10c & 11; 1040A, lines 10c & 11).

5 - Enter taxable income other than amounts from 1040 or 1040A, lines 9. This includes pensions, alimony received, business or farm profit, rental or property income, appreciation or capital gains, annuities, endowments and estate or trust income (1040, line 12).

6 - Total items above.

7 - Enter total of "adjustments to income" from U.S. Income Tax Return (1040, line 14).

8 - Subtract line 7 from line 6 (1040, line 15).

9 - Enter total of non-taxable income. This includes all social security benefits, VA benefits except those received as educational benefits by the student filing this form, welfare benefits, child support, gifts, inheritances, bequests, military subsistence and quarters allowances, allotments, aid from friends or relatives and other untaxed income.

10 - Total lines 8 & 9.
- Provide an estimated total for 1975.

SECTION C

For 1973 and 1974...

1 - Enter parents' medical and dental expenses as itemized on their U.S. Income Tax Return (lines 2+6, 1040 schedule A) or, if they either took standard deductions or did not file a return, enter the actual amount of their medical expenses not covered

by insurance. These include costs for medicines, prescription drugs and vaccines, hospitals, doctors, dentists and nurses, false teeth, eyeglasses, medical and surgical aids, ambulance and travel necessary to get medical care.

2 - Enter their casualty and theft losses reported on line 29 of schedule A, form 1040. If they took standard deductions or did not file a return, determine the amount of each loss not covered by insurance, due to theft or property lost or damaged by fire, storm, car accident, shipwrecks, etc., subtract $100 from the amount of each loss, total the net amount of each such loss and enter the sum.

3 - Enter total itemized deductions from schedule A, form 1040.

4 - Enter total U.S. Income Tax paid or to be paid (1040, line 22; 1040A, line 19).

5 - Enter total number of exemptions claimed on line 7 of form 1040 or 1040 A. If your parents filed separately, total the exemptions claimed by each.

6 - Enter the total size of your parents' household. Inlcude yourself, parents and children dependent on your parents for more than ½ their support. Include other persons related to parents or living with them for whom they provide more than ½ support.

7 - Enter the number of members of parents' household, including yourself, who will be attending schools after high school during the academic year 1975-76. Include only those who will attend at least half-time.

SECTION D

1 - Enter appropriate information about parents' marital status.

2 - Enter the estimated present market value of parents' home.
- Enter the amount of present unpaid mortgage or related debts on parents' home.

3 - Enter the sum of estimated market value of other real estate (report farm and business in item 5) and the total market value of other investments, including stocks, bonds and other securities.
- Enter the sum of present unpaid mortgage or related debts on that real estate and the amount of debts against parents' investments.

4,5 - Enter the % of ownership by parents of any business and farm, separately. Also enter the market value of parents' business and farm (including buildings, machinery, etc.). Do not include their home if it was listed above.
- Enter the amount of unpaid mortgage or related debts on business and farm. If parents own a part of business and/or farm, enter only the value of their % of ownership and their % share of the unpaid mortgage or other debts.

7 - Enter the total of other debts not identified above other than educational and automobile loans.

SECTION E - LEFT

You must provide all of the information requested. In providing income information, you must use the actual figures used on your (and your spouse's) U.S. Income Tax Return or the actual figures which will be used when the U.S. Income Tax Return is filed.

For the tax year 1974, enter from form 1040 or 1040A:

1 - Total adjusted gross income (1040, line 15; 1040A, line 12).
2a/b - That portion of adjusted gross income earned by yourself and spouse, separately.
3 - Total other income of yourself and spouse (non-taxable...see instructions for item B9).
4 - Total U.S. Income Tax paid or to be paid (1040, line 22; 1040A, line 19).
5 - Medical and dental expenses (see instructions for item C1).
6 - Casualty or theft losses (see instructions for item C2).
7 - Enter the estimated present market value of your home.
- Enter the amount of present unpaid mortgage or related debts on your home.

8 - Enter the sum of estimated market value of other real estate (report farm and business in item E5) and the total market value of other investments, including stocks, bonds and other securities owned by you and/or spouse.
- Enter the sum of present unpaid mortgage or related debts on that real estate and the amount of debts against your investments.

9/ 10 - Enter the % of ownership by you and spouse of any business and farm. Enter the market value of such business and farm (including buildings, machinery, etc.). Do not include your home if it was listed above.
- Enter the amount of unpaid mortgage or related debts on business and farm. If you and/or spouse own a part of business or farm, enter only the value of your % of ownership and only your % share of the unpaid mortgage or other debt.

12 - Enter the dollar amount of VA benefits you will receive during the number of months you will be enrolled between 7/1/75 and 6/30/76.

13 - Enter the total number of exemptions claimed on line 7 of form 1040 or 1040A. If you and your spouse filed separately, total the exemptions claimed by each.

14 - Enter the number of members of your household, including yourself, who will be attending schools beyond high school during the 1975-76 academic year. Include only those who will attend at least half-time.

You (your spouse, parent(s) or guardian(s), where applicable) must read the certification and authorization and sign and date this form.

You must then identify the names and addresses of institutions and programs to receive this form or results in accordance with the information above and in the code listing which will provided.

IF YOU ARE APPLYING ONLY FOR THE BEOG PROGRAM DO NOT COMPLETE SECTION E - RIGHT.
SIMPLY TEAR OFF THE FORM AT THE PERFORATION AND MAIL TO THE BEOG PROCESSOR.
IF YOU ARE APPLYING FOR ANY OTHER PROGRAM COMPLETE SECTION E - RIGHT BEFORE MAILING.

SECTION E - RIGHT

1 - Enter the total of other debts not identified above other than educational and automobile loans.

2,3 - Enter the amount of financial assistance to be received from your parent(s) or spouse's parent(s) during the 1975-76 academic year.

5 - Enter the total size your household. Include yourself, spouse and children dependent upon you and/or spouse for more than ½ their support. Include other persons related to or living with you for whom you and/or spouse provide more than ½ support.

6,7 - Refer to occupational codes in code listing for these items.

10, 11, 12 - Check the year of college in which you will be enrolled during the academic year 1975-76. List the names of all other schools you attended after high school and identify the period during the academic year 1975-75 (7/1/75-6/30/76) for which you are seeking financial assistance.

CHECK TO SEE THAT ALL REQUIRED INFORMATION IS FILLED OUT CORRECTLY AND IS LEGIBLE. MAKE CERTAIN THAT YOU HAVE COMPLETED ALL OF THE SECTIONS WHICH YOU ARE REQUIRED TO COMPLETE. BE CERTAIN THAT YOU HAVE ANSWERED ALL QUESTIONS IN EACH SUCH SECTION.

THE FORM MUST BE SIGNED BY YOU, SPOUSE AND PARENT(S) OR GUARDIAN(S) WHERE APPROPRIATE

DOUBLE CHECK THE PROGRAM LISTINGS AND ADDRESSES BEFORE YOU MAIL THE FORM(S).

CHAPTER IV

Coordination and Management of Student Aid Programs

The Task Force has noted that the pluralism of student aid programs takes the form of different types of aid, from different sources, for different purposes, administered through different selection and award processes. Some degree of pluralism is a necessary condition of the student aid system because student needs and resources available to meet these needs are so diverse from state to state or region to region. In this pluralism there is strength, but there are also weaknesses.

The existence of many programs presents potential aid recipients with an array of program schedules, definitions, policies, practices, and activities which they see as confusing, conflicting, and not relevant to their needs. The confusion and conflict could be alleviated with better coordination and management within, between, and among programs. In this section of its Report, the Task Force describes several ways to improve the coordination and management of all financial aid programs in order to improve the student aid system.

The focus of coordination and management must first be directed to information -- when and how it is transmitted between and among students and student aid programs. Without information exchange, there can be no coordination, and management cannot improve.

COORDINATED SCHEDULE

One of the basic problems initially recognized by the Task Force was that the calendar for the availability of applications and beginning of processing for the Basic Educational Opportunity Grant Program was inconsistent with the legislative purpose of the program -- that it become a foundation upon which all other forms of aid were awarded.

The Task Force realizes that a change in the BEOG processing schedule cannot be considered in isolation. Serious issues relating to the timing of Congressional appropriations actions, contracting for operational services, printing of application forms, use of estimated income, and income verification procedures would be raised by such a change. In subsequent portions of this chapter of the report the Task Force addresses some of these issues and makes recommendations for their resolution. The primacy of the issue of schedule coordination, however, causes the Task Force to make the following recommendation of crucial importance to improved coordination and management of student aid:

The Task Force recommends that appropriate actions be taken by the Congress of the United States, the Office of Education, and the Office of Management and Budget to permit the following schedule to be implemented for the 1976-77 processing year (for students seeking aid for the fall, 1977):

September 15, 1976: Beginning of Basic Grant application processing

November 1, 1976: Announcement of State Student Incentive Grant allocations to state programs and SEOG/CWSP/NDSL allocations to postsecondary institutions

and further that the appropriate actions be taken by the legislatures of the states and the state agencies charged with the administration of the SSIG and state-funded student aid programs to permit the following schedule to be implemented for the 1976-77 processing year:

January 15, 1977: Beginning of announcement of student awards from the SSIG and state-funded student aid programs

and further that the appropriate actions be taken by the governing boards of the postsecondary educational institutions and the administrators responsible for student aid program administration at the institutions to permit the following schedule to be implemented for the 1976-77 processing year:

April 15, 1977: Announcement of student awards from the SEOG/CWSP/NDSL and institutional student aid programs.

It is understood that implementation of this calendar is dependent on a satisfactory solution to the issue of verification of income information discussed in Chapter II of this report. It is further understood that the dates proposed for beginning the BEOG Program processing do not necessitate a change in the end of processing for a particular academic year. Students who may be entering institutions at a time other than September need to have access to applications when their educational decisions are made. For some, this may be as late as May or June at the end of the academic year for which processing was begun 21 months earlier.

In a subsequent portion of this chapter, the matter of schedule is further elaborated as a part of a general information exchange system. Even if it is not possible to implement the broader information exchange network for the 1976-77 processing year, the Task Force believes that the schedule changes recommended here must be accomplished. Along with the matter of a single standard for determination of ability to pay and a single application form, the matter of coordination of schedule is of crucial importance to a reduction in the level of confusion faced by all participants in the student aid process.

COMMON DEFINITIONS AND TERMS

One of the characteristics of any organization or system is the existence of lines of communication among the component parts of the system. The student aid system is no different.

There are lines of communication from Federal to institutional programs, from Federal to state programs, from state programs to institutional programs, from each program to students, and so on. But in the present system the lines of communication are not as precise or comprehensive as they might be, nor are they used in the most effective or efficient ways possible. The Task Force makes recommendations in this Report for the establishment of various communications networks to transmit information among programs and students.

A basic requirement of a good communications network is that the messages it transmits have the same meaning for both the sender and receiver. In order for the messages to have the same meaning, the words, phrases, and concepts used in the messages must be similarly defined by all the senders and receivers.

There are many technical terms and concepts used in student aid. The terms are used to communicate to potential recipients and the general public, to communicate to other student aid administrators, and to define program eligibility criteria or procedures for determining that eligibility.

A single term can be used for these three purposes and have three different interpretations. For example, "student" to the general public is likely to mean "a person who is enrolled in college or some other form of postsecondary education;" to the aid administrator, "student" might refer to "full or part-time students at public but not private colleges;" and, as a criteria for program eligibility "student" might mean "a person who is enrolled in a degree-granting program for a minimum of 12 credit hours per semester, trimester or quarter, or a minimum of 24 clock hours per week." Many other words, terms, and concepts in the student aid vocabulary could be used for further examples.

There is a high need for more common definitions in student aid in order to improve communication among student aid programs, students, and the general public. There is also a need for common definitions so that public and private policy makers can understand which programs and practices serve which students in which ways. Better understanding will enhance the partnership in student aid.

The Working Committee on Coordination and Management of the Task Force had, as one of its tasks, the responsibility of exploring the feasibility of developing a set of common definitions for words, terms, and concepts in student aid. During its explorations, the Committee examined the Federal aid program regulation manuals, instructions for completing applications for institutional participation in Federal student aid programs, manuals and other materials prepared by the College Scholarship Service and the American College Testing Program, student aid publications prepared by the National Association of Student Financial Aid Administrators and the National Association of College and University Business Officers, the Data Element Dictionary of the National Center for Higher Education Management Systems, and many state student aid program manuals.

The Working Committee on the Common Form looked at many definitions of items to be used on that document and the Working Committee on Need Analysis examined the definitions of terms and concepts specific to those processes in student aid.

The Task Force discovered a confusing array of definitions of words, terms, and concepts but it also decided that it would be feasible to develop common definitions. Some of these are set forth in the several chapters of this Report. But more are needed.

The development of common definitions is an expensive and time-consuming task which necessarily involves cooperation among all parties in the student aid partnership. Most definitions can be brought into congruence if the partners simply agree to their content. Agreement is sometimes difficult to achieve because some changes in definitions may require changes in legislation or in patterns of expenditures of funds.

For example, if a program aids only "full-time students" and defines them as "persons who are enrolled in a degree-granting program for a minimum of 15 credit hours per semester, trimester, or quarter," the number of potentially eligible students is fixed at those who meet that definition and criteria for eligibility. If the definition of "full-time student" is changed to include students who are taking a minimum of 12 credit hours, then additional students may become eligible and, subsequently, the costs of the program may increase.

The time and resources of the Task Force were not sufficient to bring all parties together for an extensive analysis of the ways in which common definitions and terms could be developed. Furthermore, at the time of its earliest activity, the Task Force discovered that the United States Office of Education was attempting to bring all the definitions in its program regulations manuals into congruence and that a standing committee of the National Association of Student Financial Aid Administrators was working to develop common definitions for terms used by institutional student aid administrators.

While the Task Force believed it wasteful to attempt to duplicate these efforts, it does hold that the development of common definitions and terms is feasible and necessary to improve the coordination and management of student aid programs. It makes the following recommendations:

1. *That the USOE complete its revision of its regulations manuals and definitions as soon as possible and disseminate them as widely as possible;*

2. *That the National Institute for Financial Aid Administration convene an ad hoc committee to develop a glossary of common definitions and terms in student aid. The committee should be comprised of representatives of the Federal student aid programs, the National Association of State Scholarship Programs, the National Council on Higher Education Loan Programs, the National Student Lobby, and the State Higher Education Executive Officers;*

3. *That all program definitions in student aid that are not specifically student aid terms, e.g., student, institution of higher learning, etc., be consistent with data definitions established by the National Center for Higher Education Management Systems; and,*

4. *That all definitions of words, terms, and concepts in student aid be evaluated by the degree to which they mean the same things for all parties involved in the system.*

It is hoped that these recommendations, when followed, will lead to greater understanding, communication, and cooperation among the partners in the financial aid system.

STUDENT INFORMATION PROGRAMS AND SYSTEMS

One of the greatest contributing factors to student confusion about student aid is the lack of good information and communication between aid programs and students.

Part of the communication problem is related to the complexity of what is being communicated. When different sources of aid use different application processes for different programs and types of aid, when different aid programs use different criteria for determining eligibility for awards and determination of ability to pay, when institutions include different items and amounts in describing their student budgets, and when similar words or concepts mean different things to different aid programs, the information communicated to students is necessarily going to be confusing because its content is confusing.

Another part of the communication problem is related to who is doing the communicating with students. Traditionally, student aid information has been disseminated by student aid programs through high school counselors or other personnel, through the mass media, through direct mailings, and in many instances through direct communication with students. Frequently those persons or agencies through whom communications flow do not understand what they are communicating. They frequently do not have time to develop an understanding or to devote much time to impart this understanding to students.

Less frequently, but often enough to create a problem, the communicator has motivations which are in conflict with providing students complete, accurate, and useful information. For example, when some institutions compete for students in the "marketplace for postsecondary education," they sometimes find it advantageous to present incomplete or misleading information to students in order to gain an advantage over institutional competitors. Or, in other instances, student aid administrators may mislead students in order to disguise policies they believe students might find objectionable.

The Task Force does not know to what extent these particular kinds of mis-communication activities exist but the evidence indicates they are seriously detrimental to student freedom of access to and choice among educational alternatives.

Some examples from recent hearings of the College Scholarship Service Student Committee are illustrative of the problem:

> A student was denied aid because his dependency status changed from family-dependent to self-supporting. He was not told about the availability of Guaranteed or Federally Insured Loans and was forced to take a bank loan at 17 percent interest in order to stay in college.
>
> Several students were recruited to institutions with offers of student aid which included large portions of grants awards, only to find on enrollment that loans or employment awards had been substituted for grants.
>
> Many students who were granted student aid did not receive the actual disbursement dollars in time to pay certain institutional fees. Subsequently, the institutions charged them interest on overdue payments.
>
> Several students discovered, after taking college or university jobs gained by their own initiative, that their student aid awards were cancelled or greatly reduced.

The improvement of the student information system must take place within the context of meeting student needs. Students need to know what sources, types, and approximate amounts of aid are available early in their secondary school programs. General information should be made available to them at the ninth or tenth grade and become more specific as they near graduation. Early awareness of student aid and other information related to postsecondary educational opportunities must be made available to help increase the rates of postsecondary attendance.

As students near graduation, the need for more specific information increases. Students need to know the eligibility criteria for a variety of aid programs. They need to know how and when to apply for that aid.

When students apply for aid, regardless of the agency or institution, they deserve prompt, complete, and professional responses. Minority/poverty students in particular require a prompt response because they cannot make or continue plans for postsecondary education without financial commitments from institutions or agencies.

Student needs change as their financial and educational circumstances change. After beginning their postsecondary education, students need ready access to professional, personal assistance to help them continue their education. In most instances, the institutional aid administrator has been the only source of this assistance. The recent initiation of aid programs which provide aid to students at vocational-technical or business schools has left many aid recipients with no access to on-campus advice.

Students need to understand the conditions and terms of their student aid awards. In particular, they need to know how their different activities might affect their eligibility for subsequent awards and amounts. If their aid packages include loan awards, they need information about the loan terms and repayment procedures on a continuing basis.

One of the things that students do not understand about loans is that their repayment after graduation may seriously affect their lifestyles and standards of living. A student whose first job only pays $7,500 per year may find $90 per month loan repayments quite burdensome. Most students who borrow large amounts of money have no conception of what the repayment terms may do to them. Ways should be devised to provide this information.

Students also need to know the terms and limitations of employment awards, especially as they limit the hours they may work. Students also need to know that they are entitled to obtain jobs which are not the most menial or irrelevant available. Students need to know how extra earnings from term-time employment will affect the determination of their need for subsequent awards.

In order to provide better, more complete, more timely, and more accurate information to more students, the Task Force makes a series of recommendations.

> *The Basic Educational Opportunity Grant Program should expand its services to deliver information about all types of Federal student aid programs. Furthermore, the program should continue to provide a student identification service to state student aid programs.*

Because the BEOG program is a broad-based entitlement program upon which all other financial assistance should be built, it should provide students with general information about other Federal student aid programs and provide students with access to information about state student aid programs. These tasks could be achieved by providing a service in which students complete a postcard with their name, address, secondary school or educational level, and perhaps some additional characteristics, and mail it to the program. The program could supply the student with an application, if his level of education is appropriate, and a brochure describing the other Federal student aid programs. The program could periodically provide lists of students to appropriate state student aid agencies so that they might contact the potential recipient.

In addition to these activities, the Basic Grant Program should distribute applications and information through community service groups, agencies and associations, as well as through libraries and educational institutions and should provide 24-hour toll-free telephone service for information about Basic Grants.

> *State scholarship and loan agencies and departments of public instruction or educaction have a responsibility to develop and aggressively disseminate information on all Federal, state, and institutional aid programs within their states.*

Distribution points should include secondary and postsecondary institutions and diverse agencies such as libraries, post offices, employment offices, welfare bureaus, community action, and community service groups.

> *The Task Force urges all local school boards and districts to develop, as a part of their guidance and counseling programs, special courses for secondary school students on choosing educational options after high school.*

The courses could be required or offered as an elective in much the same way that driver education or health education is offered now. The course could be divided into several sections. The first section could be on the educational, instructional, institutional, and employment alternatives immediately available to the high school graduate. The second section could be on the development of information gathering and self-awareness skills to help students decide among alternatives. The third and/or fourth sections could be on coping with and completing application forms and processes and dealing with recruiting and promotional tactics. The fifth section could be one in which the experiences of former students of the secondary school serve as case studies or models of experiences in the various alternative educational and employment activities after secondary school. A sixth section, if it were locally feasible, might include brief apprenticeships in local business or industry.

> *The Task Force urges the Federal and state governments to support the development of local and regional community counseling and educational centers.*

The centers could serve an area covering several counties or just an urban area, depending on such factors as population size and density, transportation and other facilities affecting access to the center, and other available educational resources in the community. Their primary concern would be to increase access to post-secondary educational alternatives of non-traditional students and students who are not currently affiliated with an educational institution.

Through the use of professional, paraprofessional, and peer counselors and counseling techniques, they would perform counseling functions and develop facilitative services. The counseling functions would help potential students identify their educational and occupational goals, assess their positions relative to achieving those goals, identify and recommend courses of action appropriate to achieving the goals, and continue a process of self-evaluation and goal reformulation. The facilitative services would provide referrals to educational, social, legal, and psychiatric agencies and serve as postsecondary information resource centers for the community. They would help students to identify sources and types of financial assistance and serve as a "disinterested party" in monitoring institutional practices.

The Task Force does not intend that these centers would compete for funds with the institutionally-based programs which are designed to serve students of more homogeneous characteristics and less diverse educational career interests. The centers recommended here are envisioned as providing service to would-be students of more diverse backgrounds and educational interests.

Providing students who seek information or assistance with readily available places or means to receive them are important steps in the dissemination of financial aid data to students. However, some means need to be developed to get information to students who do not have enough data to even begin to look for assistance. Put another way, different techniques for getting information to students who do not know how to begin to look for assistance need to be devised. A direct mailing of information to students' home addresses is one way to accomplish this objective.

> *The Task Force recommends that state financial aid programs immediately plan for a direct mailing of general information about their programs for 1975-76. The mailing should go to high school graduating seniors who may be eligible for aid. Further, the U.S. Office of Education should develop demonstration project grants to improve and coordinate Federal and state direct mailing capabilities.*

As lack of funds and appropriateness to Federal and state financial aid programs for the express purpose of dissemination of information has hindered agency efforts, more funds should be made available for "public relations information" activities. These activities should be considered as separate and apart from general administration of programs.

> *The Task Force urges all Federal and state financial aid programs to include line items in their budgets for the production and dissemination of information about their programs.*

Regardless of how efficiently and effectively students are treated by student aid programs, the programs cannot be maximally efficient and effective unless they receive applications from all potentially needy students. Students cannot apply without good, timely information. Students need information as well as money and service. The network for providing that information must be strengthened. The actions urged here should accomplish that goal. The Task Force recognizes that it is quite unlikely that any single one of the approaches to information dissemination recommended here would meet the needs of all students and it is unlikely that all of the approaches will be effectively implemented in all areas of the nation. However, the Task Force believes that the pluralistic and diverse strategies recommended will enhance student access to information about student aid and, consequently, improve access to postsecondary education.

PROGRAM INFORMATION EXCHANGE

From the points-of-view of students and parents, the two most important aspects of information exchange relate to the information they want and need to have about the availability of student aid programs and the information about the specific decisions concerning their eligibility for and receipt of funds from the Federal, state, and institutional programs to which they apply. These two aspects of program information exchange have been dealt with in the preceeding portions of this chapter. There are, however, other informational needs. A good system for exchange of information about each of the several programs' policies, procedures, and activities needs to be developed and implemented. This portion of the report deals with the development of such a system.

The absence of policy, procedural, and operational information creates two classes of problems for the individual program administrators:

1. Problems related to the operational aspects of each program as its activities supplement, complement, or in some cases, contradict the activities of other programs;

2. Problems related to long-range program planning, development and modification among financial aid programs.

Operationally, the lack of information about other programs' activities presents problems in creating total aid packages which are both reasonable and equitable. Perhaps even more troublesome to the programs is the necessity for frequent adjustments of awards to assure that the total package does not exceed the student's demonstrated need.

These adjustments add to program administration costs and frequently come at inappropriate times -- after a student has made a choice of institution on the basis of his award package or even after he has begun a term somewhere. In addition to the confusion generated by the adjustments, the student may be left with an aid package which would have resulted in entirely different decisions.

Program planning without knowledge of the many ways in which other programs might impact or relate to the students the program planners want to serve leads to inefficient, ineffective and contradictory policies and practices which are particularly problematical when public funds are involved.

The Task Force believes that a coordinated system of program information can and should be developed at the earliest possible date.

The network should feature, in each state, a common schedule of information and data to be exchanged by programs and a common calendar for its exchange. The word "schedule" refers to the content and format of the data and information and the word "calendar" refers to the dates on which data will be exchanged. Since the Federal student aid programs have the broadest impact on all other undergraduate financial aid programs, the proposed schedule and calendar is built around their operation and management.

Who will coordinate or be responsible for the exchange?

There is no specific agency or association that the Task Force could identify in each and every state which would have the current capabilities to coordinate or be responsible for the exchange. The states and situations within them are so dissimilar that no one type of agency could be identified as the "best" in all states. The Task Force believes that it is neither efficient nor efficacious to suggest the creation of new agencies to coordinate and manage the network. Therefore, it should be left to individual states to identify an appropriate agency or association. One agency or agent in each state, however, should be charged with the responsibility for seeing that a network is developed in the state.

However, since one of the program information exchange network's basic purposes is to support the student aid planning function, and since the planning commissions are responsible by law for planning for postsecondary education, the Task Force believes it is appropriate that they be directly involved in the development of the network. The Commissions are not administrative agencies, even though some have administrative capabilities. It is not envisioned that they would manage or coordinate an operational network. They should, however, be directly involved with its development.

The Federal student aid programs under the direction of the Associate Commissioner for Student Assistance of the Bureau of Postsecondary Education play an integral role in student aid in each state. And these programs provide a national framework for the exchange network.

> *Therefore, the Task Force recommends that the Associate Commissioner and the postsecondary education planning commissions cooperate to develop program information exchange networks in each of the fifty states and territories.*

The planning commissions and the Associate Commissioner can jointly identify the appropriate agency or association in each state to coordinate and manage the network once it is operational. The designated agency or association should be responsible for the effective management of the network in each state and should make periodic reports to the Associate Commissioner.

What types of information will be exchanged?

Appendix D describes the three major types of information which might be exchanged in such a system -- policy and procedural information, recipient information, and summary information -- and some of the details of the parameters of such an exchange system. The extent of exchange within a particular state would be a function of the resources available for the development and management of the system. At a minumum, however, it would seem necessary that summary information about what student aid monies were available and how they had been expended during the year must be exchanged if administrators are to adequately plan and modify their programs in a manner which will complement and supplement other programs and meet the needs of as many students as possible. For that reason:

> *The Task Force recommends that the responsible agency or association in each state collect program summary information from each institution and student aid program in the respective state, collate that information, and disseminate it to each institution and program.*

The process of producing this summary information will require agreements on what is to be collected and how it is to be tabulated and presented. Appendix D provides some specifications for the development of such summary information.

When will information be exchanged?

The exchange of information should take place at times which will optimally permit individual programs to effectively cooperate with each other in creating total student aid packages. Recommendations concerning needed programmatic changes to accomplish this were made earlier in this section of the Task Force report. The calendars which follow integrate these award announcement schedules into an overall calendar for the totality of program information exchange.

The coordinated calendar that the Task Force prefers cannot be accomplished without changes in legislation to permit forward-funding of state programs and changes in legislation (or at least legislative agreements) to observe earlier dates for the approval of the Basic Grant Family Contribution Schedule. The activities of the Basic Grant Program are fundamental to making the student aid system more effective and efficient.

Because legislative changes may take a long time, the Task Force offers a compromise calendar to coordinate the applications and notification processes and the exchange network.

It is understood that these dates represent the beginning point of the activities. Many activities will continue over a considerable period of time in order to fully meet the needs of all programs, institutions, and students.

THE CALENDAR

	Desired Beginning Dates	Compromise Interim Beginning Dates
Distribution of Policy and Procedural Information collection documents by the coordinating agent	By June 1	By June 1
Exchange of Policy and Procedural Information	By September 1	By September 1
Distribution of Basic Grant application materials for the academic year beginning the following fall	By September 1	By January 1
Beginning of Basic Grant Processing	By September 15	By January 15
Beginning of Basic Grant Student Record File Reports to State Agencies and Institutions	By October 1	By February 1
Announcement of State Student Incentive Grant Allotments to state programs	By November 1	By February 1
Announcement of SEOG/CWSP/NDSL allotments to institutions	By November 1	By March 1
Beginning of Basic Grant/State Program Student Record File Reports to Institutions, Guaranteed Loan Programs, and appropriate Private Agencies	By December 15	By March 15
Announcements of State Scholarship Awards to Students	By January 15	By March 1
Beginning of Institutional Return of Student Record File Reports to State Scholarship Programs for adjustments as necessary	By February 15	By April 15

THE CALENDAR (CONT'D.)

	Desired Beginning Dates	Compromise Interim Beginning Dates
Beginning of Institutional Delivery of Student Record File Reports to GSLP/FISL Lenders as necessary	By February 15	By April 15
Beginning of loan program announcements to students	By March 1	By April 15
Announcements to students of SEOG/CWSP/NDSL awards and institutional grants		
Beginning of validation and verification of student/family financial data	By April 15	By April 15
Distribution of Policy and Procedural Information Collection Documents by the Coordinating Agent	By June 1	By June 1
Distribution of Program Summary Information Data Collection Documents by Coordinating Agent	By July 1	By July 1
Exchange of Policy and Procedural Information	By September 1	By September 1

Beginning of the academic year for which awards have been made

Exchange of Program Summary Information	By October 1	By October 1

The final recommendations of the National Work Conferences on Institutional-State-Federal Partnership in Student Assistance convened by the Office of Education said "that, beginning with the 1975-76 processing year, generating awards for 1976-77, . . . printing schedules be devised to permit all Basic Grant application materials to be available by November 15, . . . (and) . . . that arrangements to begin processing applications should be completed by December 1 . . . ." The recommendations made in the desired schedule advance the distribution date by only 60 days and the start of processing by only 75 days.

Either of the proposed calendars will help institutions to "package" student aid from all sources more effectively and will enhance the implementation of the equity packaging principles recommended below.

It is recognized that the coordinated calendar will not work for all student aid packages. Not all students will make Basic Grant applications early enough, not all states can be counted upon to determine awards and begin making announcements by December 1, nor will all institutions be able to announce institutional awards by January 15. However, the calendar should make it possible for many aid packages to be delivered during January -- particularly the award packages for the new students who most need early information about their aid so they can make informed plans for continuing their education.

What must be changed to implement the calendar?

In order to implement a coordinated calendar, certain changes in the current programs' policies and practices must take place.

The change which would make others more feasible relates to legislative appropriations and allocations to aid programs. If all states and Federal student aid programs knew how much award money they would have to award to students by at least ten months prior to its use by students, aid administrators could more effectively distribute the available dollars among students and make award announcements with a greater degree of certainty about their ability to honor those awards.

Forward-funding of the Basic Educational Opportunity Grant Program and the campus-based Federal programs has been legislated but appropriations and allocations processes are not yet timely enough to achieve the maximum effect of the legislation. Very few states have forward-funding provisions for their student aid programs. Inherent in the earlier recommendation concerning award announcements was a required change in appropriation calendars:

> *The Task Force recommends that Federal and state governments pass legislation and implement procedures for the appropriation and allocation of monies to student aid programs at least ten months in advance of the beginning of the period in which they will be used. The Task Force further recommends that private sources of funds for programs make allocations available by this time.*

The student aid programs could all respond more quickly to students' applications if they would agree on a common base-year for determination of ability to pay for postsecondary education and would further agree to make award announcements, but not fund disbursements, without tax bureau or other agency verification of financial data.

The Task Force, in Chapter II of this report makes the recommendation that the base year on which financial ability to pay is determined should be the January 1 to December 31 period preceding fall enrollment and that this year should be used as the base year by all needs-based student aid programs. The recommendation is reiterated here.

The Task Force believes that student and parental estimates of total base year income can be used to support applications and tentative award commitments prior to completion of the base year. In other words, it is efficacious to permit students to apply for aid as early as a year preceding enrollment, to use estimates of earnings for the base year, and make announcements of tentative awards as soon as possible after receipt of applications. The tentative awards could be made with the stipulation that recipients would have to submit verification of their own and their families' income after April 15 (before a final award disbursement could be made) if the earlier information was an estimate filed prior to completion of the IRS Form 1040 for the base year. The verification requirement should alleviate the concern of many aid administrators that estimates of financial data are incorrect through error, misrepresentation, or both.

The process of award determination would have to be repeated for a significant minority of students who filed applications prior to the April 15 verification date -- probably about a third of the applications -- because their application estimates and final income experiences are incongruent. But for at least two-thirds of the students the differences in parental contribution would be less than $250.[a] So for purposes of planning by students, a tentative award based upon estimated financial data would be quite sufficient.

This process of notification-verification-notification should accomplish two very important things -- the earlier notification of awards to students so that they might implement their postsecondary plans at an earlier stage and the modification of awards in accordance with the most accurate available data.

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[a] Bowman, James L., Accuracy of Parents' Taxable Income Reports for the 1972-73 Processing Year, New York: College Scholarship Service of the College Entrance Examination Board, 1974.

The Task Force recommends that all student aid programs implement provisions to accept applications from students at least ten months in advance of the date on which they are to be used. It is further recommended that all aid programs utilize estimates of base-year financial data to make tentative award announcements to students, that the data be verified, and that adjustments to awards be made prior to disbursement of funds to students.

The Task Force recognizes that the implementation of its recommendations regarding the program information exchange network will be difficult, costly, and initially time-consuming. However, the Task Force believes that the actions suggested here will help alleviate student confusion and make all student aid programs more efficient and more effective.

Student aid program development and planning cannot efficiently or effectively take place without good data and information. The program information exchange network will provide this data and information.

There remains an untreated question concerning who will pay for the information exchange. In a sense all who participate in it will pay for it because it is expensive to manage data. However, with the exception of the agency which coordinates the network, the costs will be distributed so as to not prove burdensome to any one of the partners in student aid. Since the Associate Commissioner and the Commissions are responsible for the development of the network, they should also be responsible for requesting its fiscal base of support. Because the states are constitutionally responsible for the education of their citizens, it seems most appropriate to request funding of the coordinative and exchange functions within a state from the state legislature. The Federal government should also help fund the network in order to assure that its student aid dollars are more effectively expended. For these reasons, funding of the networks should be jointly shared by both governments within a given state.

The program information network is designed so that its three components can be implemented either at different times or congruently. The Task Force recommends that the Policy and Procedural exchange component should be developed first because it will be least difficult to implement, followed by the Program Summary Information exchange component, and then the Student Information exchange component. The latter two components will require many programs to develop management information systems that do not currently exist. That is to say, many programs currently lack the technology, personpower and other resources to produce the data required when it is required. However, even if exchange was not the purpose of generating this information, the ability to do so will permit programs to better internally evaluate the impact of their efforts. The information exchange network is necessary in order to achieve better coordination and management of all the student aid programs without resorting to Federal control or denying the need for and efficacy of pluralistic kinds of programs and sources of support.

STUDENT AID PACKAGING

One of the points at which the other inequities of the present student aid system can be corrected is where the institutional student aid administrator pulls all of the resources together into a package based on the goal of maximizing educational opportunities for the largest numbers of students. Packaging is the moment of truth when it all comes together, where the broad funnel of aid resources comes to its narrowest point and those resources delivered to the student. Although it may quite possibly be the most important single point in the whole chain of student aid decisions, it has been given less attention and study than the estimation of parental contributions, the setting of student budgets, and other significant aspects of student aid administration. The purpose of this section of the report is to examine the problem of packaging and to make recommendations regarding both philosophical and technical approaches to the solution.

Packaging as Philosophy

The packaging of student aid is first an exercise in philosophy and goal definition, then it is a technique. No packaging program, whether with the aid of the most sophisticated computer or with a pencil stub and a hunch, is any good unless it is built around concepts and goals. Every institution of higher education administering student aid should have a well-thought out packaging policy which is carefully designed to meet institutional goals and agreed upon by faculty, administration and governing board. No aid officer can approach the task of administering student aid without knowing what job is expected.

At the risk of making self-evident statements and reiterating positions taken elsewhere in the Task Force report, a review of some basic assumptions seems appropriate. The first is that *society and individuals both benefit from the services of education and society is willing to invest some of its resources in order to receive those benefits.* Whether building free elementary schools within walking distance of every home in local communities, providing undergraduate education at well below cost or establishing a Federal student aid program, all are done so both society and those being educated may benefit.

From the first assumption flows the second, stated earlier in the Task Force report: that *the primary purpose of student aid programs should be to increase access to, choice of, and retention in, postsecondary educational opportunities.* This assumption has crucial implications for packaging and underlies all that will follow in this discussion of packaging philosophy and procedures. If a student aid administrator awards a $1,000 scholarship to a student who already has access to a combination of parental resources and, say, Social Security benefits which are more than sufficient to meet a reasonable student budget at that institution, the student's choice and the needs of the college or university for valedictorians or basson players may have been enhanced, but the $1,000 would have done little to improve access or retention. Similarly, if a student comes to the financial aid officer with no such resources and the package offered consists of a large loan and a burdensome job and the two together are still several hundred dollars short of the student budget, then nothing has been done to improve access, choice or retention. Thus, the corollary to the above assumption: that *packaging policies should be designed to use whatever resources are available to the aid administrator in such a way as to maximize access, choice and retention and to redress inequities caused by the multiplicity of aid resources coming together at the point of packaging.* Such a policy frequently may come in conflict with the perceived interests of a particular college or university and the financial aid officer may well find himself caught in the middle of that conflict, but it is the position of the Task Force that in the long run this is the only wise policy for our society.

As supplement to the above assumptions, it is appropriate to make some observations and to describe and define terminology.

Other chapters of this report have commented on the rapid, and perhaps even explosive, growth of the available student aid resources. Even with this growth in available programs, it is still necessary to assume that parents and students have an obligation to provide for postsecondary educational costs as their means permit. The parental contribution and the student's own self-help through employment or borrowing provide the foundation and the majority of funds for college-going costs, especially at the undergraduate level.

From the student's view all *student aid resources really fall into two categories: self-help and everything else.* Although much has been said -- and with accuracy -- about the enriching effects of employment and the sense of responsibility imparted by an educational loan, the fact remains that students much prefer non-self-help to self-help if given the choice and that, other factors being equal, self-help is less effective in increasing access, choice and retention than are grants, scholarships, Social Security benefits or prosperous parents. Therefore, in approaching the problem of packaging the aid administrator has not only to determine the *amount* of assistance the student already has available, but also must know the *kind*.

If the student and the student aid administrator are to view all non-self-help (parents contribution, entitlements, and scholarships or non-institution grants) as comparable and commensurate, so also should the various forms of self-help be considered as similar to each other. Whether savings from past earnings, income from present earnings or a lien on future earnings, through borrowing, there is the common factor of the funds being provided by the work and effort of the student himself. However, individual students vary widely on which form of self-help they prefer; some prefer to avoid borrowing at all costs, others prefer to have time free during their school career, while others prefer to drop out and accumulate savings for a year or more. Given the fact that non-self-help resources are more limited than self-help and that most student aid packages necessarily must include some self-help component, *it is desirable for the packaging process to permit the student maximum flexibility among the past, present, and future forms of self-help.* The ideal would be to permit free choice in meeting whatever loan/work commitment is included in the package. Implementation of this choice would be aided if Federal programs permitted institutions some discretion to shift funds between National Direct Student Loans and the College Work-Study Program. Giving students such a choice requires, however, that they be given better training and information in the obligations and responsibilities of both working and borrowing so that their choice will be an informed one.

This leads to the question of the theoretical and practical limits to borrowing and working. The original College Work-Study regulations embodied some assumptions in this regard by limiting employment rigidly to fifteen hours per week during the school term, but these limits have been removed and never were enforceable because there was nothing to prevent a student from taking an additional job at a local hamburger stand for an additional fifteen, twenty or even forty hours. Although most student aid administrators would agree that fifteen hours per week is a desirable maximum, individual students vary widely in their capacity to handle employment; for some, even one hour away from their studies will produce anxiety and academic failure, while others are able to handle a large academic load and a substantial job without impairing their academic progress.

Similarly, it is difficult to develop a formula for borrowing limits. The National Direct Student Loan Program provides limits of $5,000 for a student's undergraduate career, with an additional $5,000 for graduate study. The Federally Insured Student Loan provides for a maximum of $10,000. These limits imply that $10,000 is the maximum which anyone should borrow for undergraduate and graduate study combined, but it is entirely possible to have both loans and more besides, including Health Professions and privately secured loans. Conceivably, a student could complete lengthy graduate and professional studies with a debt well in excess of $25,000. For most students this would be unreasonable and the student aid administrator would be acting ethically and in the best interests of the student by not offering loans which build up to such excessive amounts. Yet, this might be reasonable for a medical student or a near-PhD in accounting with good prospects for repayment in a few years.

At the other end of the spectrum, borrowing even as little as $500 might produce unreasonable risk for a freshman from a welfare family or a senior majoring in French literature and having three children and an invalid mother to support. Similar caution ought to be exercised in making loan commitments to a growing group in the postsecondary family -- the senior citizens who have little prospect of being able to repay. A ten-year loan to someone with only five income-producing years ahead does not seem a reasonable risk for borrower or lender.

The sum of it is that there is no reliable rule in determining work/loan limits, but there are factors which ought to be used in making judgments: age, family income background, level of progress toward expected degree, occupational goal, anticipated income, dependents, past academic achievement and total accumulated indebtedness are necessary considerations in making such a decision. In any case, an institutional loan/work commitment should be just that -- a commitment and not a disguised form of unmet need.

An Approach to Student Aid Packaging

Phillips[b] has identified three packaging concepts:

> ". . . there appear to be at least three identifiable concepts, any one of which might guide the effort to secure effective coordination and inter-connection of the six student assistance programs. However, the existence of several similar but yet distinctive concepts has instead served more to confuse matters, perhaps even deterring the development of a fully-coordinated approach to the award of various student assistance monies."

These conceptual patterns for inter-connection of student assistance programs are not fully differentiated or clearly identified with specific constitutencies. However, for the purposes of analysis they may be briefly summaried as:

.. the "ladder concept" in which the Basic Grant program, in combination with such student and parental resources as are available, provides a guaranteed "first step" for all needy undergraduate students, a floor from which students could advance up the ladder of successive steps until unmet need is fully satisfied.

.. the "packaging or combinations concept" which implies no particular order in which resources normally should be explored except that everything else should be built upon the "floor" supplied by the parental/student/Basic Grant combination of resources.

.. the "self-help concept" that routinely builds in a self-help component composed of student savings, work, and/or loan assistance immediately on top of the floor provided by parental contribution and Basic Grant. This concept reserves all additional grant assistance as a resource of last resort.

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[b] Phillips, John D., Preliminary Report of DHEW/USOE Task Force on Management of Student Assistance Programs, Washington, D.C., December 28, 1973, PP. 17-18.

Under all three of these concepts, parental contribution and/or the Basic Grant is perceived as the "floor" upon which all other student aid resources are added. However, there are significant differences of opinion as to just how those other resources ideally should be arranged and brought into play. These opinions, in turn, are subject to modifications according to changing funding patterns. These circumstances suggest the possible need for DHEW/USOE to seek Congressional approval of statutory changes which would permit more effective coordination.

Equity Packaging

A combination of some of the features of each of these three approaches with certain refinements suggests a fourth approach which might properly be called the "Horizontal Equity" or "Equal Running Start" approach to packaging. It is based on two premises stemming from the previously stated objective of using student aid to increase access, choice and retention: 1) that *students with lesser resources from parents and other sources not requiring employment or borrowing have a greater claim on scholarships and grants than do those who already have those resources available to them,* 2) that *scholarships and grants should be distributed in such a way as to equalize opportunity rather than to perpetuate existing inequities caused by birth or inequitable access to other resources.* Let us illustrate these principles with the following two students:

Student A		Student B	
Budget	+$3,000	Budget	+$3,000
Parents + Basic Grant + State Scholarship	-$2,000	Parents	-$1,000
		Guar. Loan	-$1,000
Net Need	-$1,000	Net Need	-$1,000

Both students have the same net need ($1,000), but there is considerable difference in the manner by which that figure was reached. Student B is already committed to $1,000 indebtedness, so to give them both a loan of $1,000 will simply perpetuate the inequity. Giving each a loan of $500 and a grant of $500 will reduce that inequity somewhat, but the only way they can truly be given an equal opportunity is by giving a $1,000 grant to Student B and a $1,000 loan to Student A.

Under this concept, all of the forms of aid funnelling into the institutional packaging process -- including Basic Grants, parental contribution, entitlements, state scholarships and grants, etc. -- would be considered as the floor, with the objective of the process to distribute institutional aid funds in such a manner as to come as nearly as possible to equalizing the non-self-help components of the aid package regardless of the source of those components.

Equity Packaging of Student Financial Aid

The following discussion is designed to illustrate various ways of dealing with the challenge of maximizing horizontal equity and, therefore, using resources in such a way as to provide greatest access, choice and retention for the greatest number of students. It will not serve to tell a specific student aid administrator in a number of institutions how to package aid, since circumstances will vary greatly; some student budgets will be lower and some will be higher, some institutions will have almost no scholarship or grant funds of their own to allocate and still others will have contrary practices dictated by legislatures or faculty committees. Nevertheless, the discussion illustrates a basic philosophy and a technique for implementing that philosophy.

In approaching the problem of packaging student aid, the aid administrator must consider individual student problems and needs, but these can be dealt with only in the framework of two sets of constraints: on the one hand there is the question of what other applicants are in the pool and what their needs may be, while on the other hand there are very definite constraints in terms of the amount and kind of resources available to the aid officer to assist in meeting those needs. Table A represents such a framework. The following questions and discussion indicate the decision-making sequence and the principles of equity packaging as illustrated by Table A.

Question 1: What are the needs of the applicant pool?

Table A depicts seven students who have applied for student aid. The modest-but-adequate student budget for the typical application in Table A is determined to be $3,000; six students have this budget and the seventh, Gil, is married and will need at least $5,000. Thus, the college costs for the seven students are $23,000 and it will be necessary for the amount to be available from all sources if all are to enter or stay in school. Table A does not purport to represent a "typical" range of cases, but simply illustrates some examples of problems met by the aid officer and some solutions.

Question 2: What resources do the applicants have?

In the determination of student need, and the ensuing determination of the package of aid to meet that need, the aid officer first looks to see what resources the student has accessible for which he or she does not have to work or borrow. These are included under the category of *Family Contribution, Entitlements, and Agency Grants (FCEA)*.

Family contribution represents the estimated ability of the parents to assist financially, as well as any other family gifts or bequests to which the student may have access. Entitlements represent such forms of aid as the GI Bill, Social Security, etc. Agency awards include grants and scholarships provided by agencies outside the college or university, such as state scholarship programs, private foundations, the Basic Educational Opportunity Grant, etc. As discussed in the text of this report, these are considered as similar and undifferentiated so far as the aid officer and the students are concerned, since they do not involve working or borrowing on the part of the students. For example, we know from Table A that Fay is receiving a substantial amount from her parents, Bev is receiving Social Security payments and Dan has a combination of several resources, but for the purposes of equity packaging those sums are lumped together.

Question 3: What is reasonable in terms of self-help?

That portion of each student's budget which he or she is expected to contribute personally before other resources are tapped is represented in Table A as *Student Resources (SR)*. Typically, this represents savings from summer earnings, but it may include earnings from an off-campus job during the school year, savings from a previous job or a privately secured loan such as a Federally Insured Student Loan. For the most part, self-help is secured by the student and is not made available through an institutional commitment.

The self-help component of the aid package is based partially on the principle that every student seeking aid should be willing to contribute something of himself or herself in the form of past, present or future earnings and partially on the need to "shelter" scarce aid funds in order to stretch them further. In Table A the typical self-help figure is $500, but it will be noted that there are variations caused by special circumstances. Cal, for instance, is expected to contribute only $250 and Ed not at all; in both cases, this decision is based on the likelihood of their not finding suitable employment and the possibility of their having to contribute to family support during the summer.

On the other hand, Fay is expected to contribute more than the standard $500 because she is in her junior year and has access to higher-paying jobs. In general, we know that students from higher income families are more likely to find jobs or to have access to family or private loans, so it is reasonable to key such decisions to family income as well as to the applicant's age and level of education.

Question 4: How much need remains after consideration of Family Contributions, Entitlements, Agency Awards and Self-Help?

The seven students in Table A have an aggregate FCEA of $8750 and SR of $3000. It will be recalled that their aggregate budgets amounted to $23,000 so the aid administrator is now faced with the problem of helping meet a net financial need totalling $11,250.

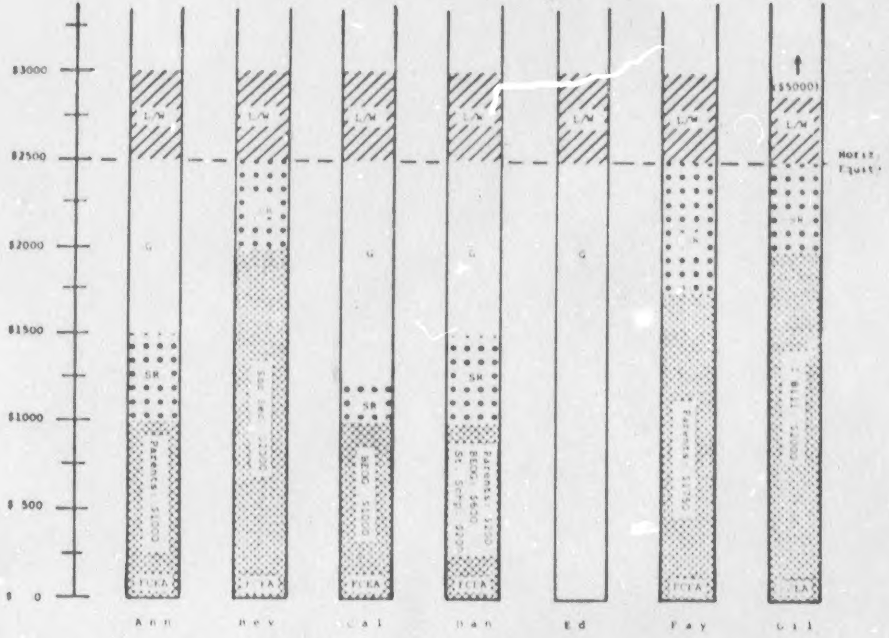

Table A: EQUITY PACKAGING: AN ILLUSTRATION

FCEA = Family Contribution, Entitlements and Agency Awards
SR = Student Resources from summer earnings, savings, private loans, etc.
G = Institutional Grants and Scholarships
L/W = Institutional Loans and Work

Question 5: What resources does the aid administrator have to meet aggregate financial need?

The aid administrator in Table A has approximately $6000 in grants and scholarships available, represented by the symbol G, and in excess of $6000 in loans and work, represented by the symbol L/W.

Question 6: How should those resources be distributed?

Given these circumstances, one temptation would be for the aid administrator to give $800 in grants to each of the seven, but we readily see that this would result in giving one applicant, Bev, resources in excess of the $3000. Another possibility would be to give everybody but Bev a $1000 grant. This would put Dan in the same furtunate position as Bev, but Ed would still have to earn or borrow a total of $2000 and probably would effectively be prevented from attending college by this burden. *Thus, we see that equal treatment is not necessarily equitable treatment.* Still a third, and equally unsatisfactory, alternative would be to distribute institutional grants as a percentage of need. Although this would be somewhat less onerous than giving equal sums to each, it still would perpetuate inequities caused by birth and other circumstances beyond the control of the student.

The solution proposed under the principle of equity packaging is to distribute institutional grant and scholarship assistance in such a manner as to give each student a nearly equal running start. In Table A institutional grants have been distributed to bring each applicant to a level of comparability so far as the amount of work or borrowing expected of each, represented on the table by the line of horizontal equity. The exception to this principle is Gil, who will have to work or borrow substantially more than the others because of the higher budget required to support his wife; if he had not had access to the GI Bill, he also would have received a proportionate amount of the institutional grants to bring him to the line of horizontal equity. Another exception might be made by reducing or waiving the Loan/Work component for handicapped students or others totally unable to bear such a burden.

It should be underscored that the level of horizontal equity was not determined by magic or by an esoteric formula, but simply by distributing grants in such a way as to approach an equal level of support for which the students do not have to work or borrow. Had the amount of institutional grants been $3000 instead of $6000 the line of horizontal equity would have been approximately $1750 instead of $2500, but Loan/Work, though greater, still would have been comparable for all of the first six students. Even if the aid administrator had only Loan/Work to distribute, the funds still would have been allocated in a similar manner, much as one would level off a series of test tubes with varying amounts of liquid.

Not all students will have budgets of precisely $3000, nor will all aid administrators be so fortunate as to have a substantial amount of scholarships or grants available. In some cases the shortage of grants may require still further rationing of funds and arbitrary elimination of some students entirely from institutional grants or even from all institutional aid. Aid resources will vary from college to college and from year to year. Student budgets will vary according to individual circumstances. Some institutions will have 1000 students like Ann, 1000 like Gil and 10,000 in between; other institutions will have thousands of Eds.

But the principle of distributing resources in such a way as to redress inequities caused by a random and uncoordinated national system of financial aid distribution is just as valid as the principle, established a quarter of a century ago, of distributing resources in such a way as to redress inequities brought about by accidents of birth and social station. The student aid community, and the nation, can afford no less. Our clients, the students, will accept no less.

> *The Task Force recommends that all institutional student aid administrators regard the development of a coherent packaging policy, consistent with institutional and national objectives, as a matter of high priority.*
>
> *The Task Force recognizes that institutional resources vary dramatically and that other resources available to students are not consistent, but it is recommended that packaging policies be designed to maximize equity and to give all aid recipients a nearly equal base of non-self-help resources before turning to loans and work as a resource. Specifically, it is not recommended that priority for grants be given by reason of academic achievement or demonstrated talent in various skills.*
>
> *The Task Force recommends that packaging policies make allowance for differing abilities to handle such factors as economic conditions, academic preparation, progress toward a degree and anticipated ability to repay loans. It also urges that students be given better preparation for the responsibilities of repaying loans.*
>
> *The Task Force recommends that packaging policies regarding such items as self-help be designed so that the disadvantaged student is not expected to provide unrealistic amounts from earnings or savings and that the aggressive student is not penalized for exercising initiative in securing unusually remunerative employment.*
>
> *Finally, the Task Force recommends that the National Association of Student Financial Aid Officers or other national organizations take the initiative in organizing training materials and workshops which will help aid administrators in developing improved packaging policies and techniques.*

MANAGEMENT AND STAFF TRAINING NEEDS

A great many of the actions recommended by the Task Force in this Report will require increased numbers of trained personnel in student aid. Recognizing this need, the Task Force herein describes the development of the student aid administrator as a campus and program administrator and offers some recommendations for training.

Colleges and universities have offered student aid awards almost since the founding of the first institutions in the 17th century. Many different campus personnel have historically been charged with the administration of aid programs and disbursement of awards throughout the years. These persons included the president, various deans, the bursar, the treasurer, the registrar, and others. No one person or position on all campuses was charged with administration of aid until the last half of the 20th century when Federal student aid programs started to grow in numbers and, consequently increased the number of students to be processed. The administration of student aid became a time-consuming task requiring broad skills in counseling, accounting, fiscal management, and adjudication. With this occurrence, a position called student aid administrator became quite common on campuses throughout the United States.

The growing number of two-year colleges and proprietary schools embarking on student aid programs seems to suggest that if not the turnover rate, certainly the incidence of new and inexperienced aid administrators on the job is again increasing.

Concurrent with the development of program managers at the institutional level was an increase in the Office of Education's professional staff responsible for the administration and review of the student aid programs. These individuals were responsible for the development of program policies and procedures, issuance of manuals and memoranda for the guidance of the institutional program manager, allocation of the resources appropriated by the Congress for the student aid programs, and for review of the operations of programs by the individual educational institutions. This Office of Education staff was, and continues to be, an important and integral part of the personpower necessary for the proper management of the student aid programs.

The states have also developed student aid programs of scholarships and loans which have involved increasing numbers of personnel.

It is estimated that, in 1974, there are over 10,000 professional staff persons directly involved with the implementation of institutional, state, and Federal student aid programs. For most of these positions there are no specific career recruitment, training, or professional development patterns.

Past Training and Professional Development Activities

It can readily be concluded from what limited demographic analysis has been done of institutional aid administrators that most learned from on-the-job training what they felt they needed to function, supplemented by a few formal opportunities which have existed to develop their skills and increase their knowledge. The two national need analysis services, the College Scholarship Service, and the American College Testing Program, have conducted workshops, normally of a day's duration, which provided instruction on need analysis procedures and related topics. The central and regional staffs of the Office of Education have held short workshops on very specific subjects such as the annual application for Federal student aid funds and changes in Federal guidelines.

The Office of Education has also provided funding under the Education Professions Development Act for a limited number of two-week summer workshops in student aid administration. Only a handful of colleges and universities have provided, in their higher education counseling and student personnel programs, formal courses in student aid administration. Certain state and regional professional associations of student aid administrators have sponsored workshops in administration at their annual meetings or on separate occasions. The regularity and effectiveness of these associational training activities have varied widely across the country and usually have reflected the level which the organization had reached in its own development.

The first major attempt to provide specific training experiences for every institutional program manager occurred in 1966, when the introduction of the Educational Opportunity Grant Program caused the Office of Education to contract for the conduct of workshops designed to reach all of the potentially eligible postsecondary educational institutions. During the spring of that year, the College Scholarship Service conducted 86 workshops across the country which reached more than 2,900 individuals representing 1,653 institutions. These workshops, however, focused primarily on the details of administration of the then-new EOG program.

Perhaps the closest thing to a coordinated national training effort since 1966 began in the autumn of 1971, when the National Association of Student Financial Aid Administrators secured a contract with the Office of Education to pursue the following objectives:

1. the appointment in the regions, mostly on a state-by-state basis, of a corps of experienced student aid administrators who assumed responsibility for the training of their neophyte colleagues;

2. the demonstration of techniques of instruction which were intended to enable these trainers to fulfill their teaching responsibilities in an effective manner;

3. the sharing with trainers of draft teaching materials on student aid administration as well as the enlisting of the trainers' assistance in the further development and refinement of the materials.

Forty-two state trainers representing some forty-one states, augmented by fourteen trainers-at-large, attended a three-day workshop in the fall of 1971 and qualified as "trainers." The training materials were initially developed by the College Scholarship Service and, in addition to containing a comprehensive treatment of both student aid theory and procedures, provided information on how to conduct a workshop. Subsequently, under a second contract negotiated by NASFAA with the Office of Education, 1,139 new student aid administrators instructed in student aid administration at some 27 workshops which were conducted in various parts of the country. Drawing upon the written training materials, these workshops (which were for the most part of three days' duration) involved instruction in both the theory and practice of student aid administration.

In conducting their workshops, state and at-large trainers recruited other student aid administrators to assist with instruction so that as of the spring of 1974, 150 professional aid administrators had participated in the training of their neophyte colleagues. Most of these same instructors were called upon again in the spring of 1974 when the Office of Education asked NASFAA to conduct workshops in the administration of the Basic Educational Opportunity Grant Program for high school counselors and postsecondary aid administrators.

Another form of training activity, frequently overlooked, is represented by the "program reviews" conducted by the regional staff of the Office of Education. Differing from formal audits, these reviews deal primarily with the technical administration of the programs by the participating institutions. They review the ways in which the institutions have implemented Federal policies and procedures, review selection criteria and application materials, and study local policies to insure that they are not in contradiction with or violation of the statutes or regulations.

Unfortunately, these program reviews are limited in number. The Office of Education has more than 17,800 contracts, grants, and disbursement agreements with postsecondary educational institutions. To review these, the Office has a total regional office staff of only 89 individuals, including secretaries. It is impossible for this limited number of individuals to conduct any sort of regular program reviews at all institutions where they should take place.

Much informal training has taken place through the interaction of the Federal and institutional program managers in the form of advisory and consultative groups. Bringing together those charged with the administration of the programs at both the national and institutional level permits an interchange of ideas and information which can only improve the abilities of all participants to administer the programs efficiently. These too, unfortunately, have diminished in recent years.

Limited formal and informal periodic training also takes place at national and regional meetings of the membership of NAFSAA and the meetings of the National Association of State Scholarship Programs and the National Council of Higher Education Loan Programs. But these efforts are largely related to providing the administrators with information about one or another changes in student aid programs and are not designed to give the administrators mastery of a specific or even general skills.

Current and Future Personpower Development Needs

Efficient and effective administration of student aid programs requires adequately trained and skillful administrators at the institutional, state, and Federal levels. It also requires a larger number of such individuals.

The National Association of Student Aid Administrators is presently conducting a study to determine how many institutions have or need full-time professional aid administrators, but the results are not yet complete. There is evidence that student aid offices on many campuses are understaffed. Furthermore, the expansion of Federal aid programs into business and trade schools, vocational schools, and hospital schools of nursing has generated a need for more trained personnel to administer aid programs on campuses where programs have never before existed.

The state scholarship and loan programs are, for the most part, more adequately staffed than the institutions, but as state programs expand, their personpower needs will increase.

The number of positions assigned to administration of the student aid programs in the central and regional offices of the Office of Education is clearly insufficient to perform program reviews necessary to train individual administrators on their campuses. When the Office of Education needs to train individuals in the administration of its programs, it must currently rely for support on the NASFAA, the College Scholarship Service, the American College Testing Program, and the Graduate and Professional Financial Aid Council.

There is no sufficiently broad or precise data to provide an accurate indication of the number of personnel necessary to effectively and efficiently administer all the aid programs of the nation. Nor are there data for an inventory of the kind and quantity of skills these persons should have. But available evidence indicates this is a significant problem which requires action by institutional, state, and Federal programs.

The Task Force believes a national study of the management and personpower needs of institutional, state, and Federal programs is needed. Furthermore, the Task Force believes that the Federal government, because of the broad impact of its programs on all others, has the responsibility to fund such a study.

> *Therefore, the Task Force recommends that the Office of Education commission a national study of the management and personpower resource needs of institutional, state, and Federal student aid programs at both the policy and administrative levels.*

The study should utilize data gathered by the NASFAA and the DHEW/USOE Task Force on the Management of Federal Student Assistance Programs but should also gather new data from state programs, institutions, and Federal programs as necessary. The study should produce a clear indication of the quantity and qualities of skills necessary to effectively and efficiently administer all aid programs. Furthermore, the study should be designed to suggest ways in which skills might be developed through training and professional development activities as well as through recruitment of new personnel. The Task Force hopes that the study will provide some indication of who might best accomplish the personpower development tasks.

In spite of the relatively successful training projects of the past several years, coordination and agreement on who is responsible for which aspects of training is not clearly defined. The training of aid administrators cannot be the exclusive province of professional associations, the state and Federal governments, or the scholarship and need analysis services. All must cooperate to determine what components of training and skills development should be included at various career levels or positions in student aid administration.

Funding of training efforts should also be a joint responsibility of all concerned parties.

> *The Task Force recommends that the Federal government accept responsibility for providing funds for training the institutionally-based administrators who administer Federal aid programs. The state governments should also provide financial support for the training process on a regular basis. The individual institutions should participate indirectly by providing released time for their staffs to receive training while employed.*

Even without further study, some evidence is available to guide the development of workshop or in-service training activities. Because workshop experience provides aid administrators with the opportunity to communicate about common problems and because these common problems are typically framed within the context of particular states, workshop activities should be state- rather than regionally- or nationally-based.

> *The Task Force recommends that, where possible, training activities should be conducted for institutional aid administrators from similar types of institutions, i.e., universities, community colleges, vocational schools, by individuals who have experience working in the respective types of institutions.*

> *Training activities should be provided to both new and experienced aid administrators in order to assure that professional skills are developed and maintained at all levels. Training activities, regardless of who conducts them, should not be limited to information necessary to implement specific programs but should include significant exposure to general principles and procedures of aid administration at different types of institutions for different types of programs.*

Some individuals and associations have expressed the belief that certification and a certification process for student aid administrators will increase the level of competency in the profession. A commission of the NASFAA is expected to set forth formal recommendations for certification of institutional aid administrators within the next several months. The Task Force applauds their effort and these types of activities in general because they provide criteria to measure the skills and knowledge of aid administrators. The criteria and process are, however, unlikely to have immediate or wide-ranging effects on the development of skills in the profession. This is because there is presently no legal way to enforce or legitimize their implementation. Furthermore, establishing standards does not in itself produce skills, it only produces criteria for evaluating skills. There must be training activities or educational programs to develop those skills. The training activities of the Office of Education, the scholarship and need analysis services, and the NASFAA must continue and be expanded.

It is hoped that the foregoing recommendations will help to assure an on-going program of professional development for student aid administrators. These efforts may not, however, be sufficient to deal with a situation which approaches a priority level of importance. Because of the inability of the Office of Education regional office staffs to conduct institutional program reviews of the administration of Federal aid programs at regular intervals, many institutions have been functioning without review of their activities for long periods of time.

Many of these institutions are efficiently and effectively discharging their responsibilities, but others are not. It is unlikely that the regional office staffs will be expanded quickly enough to deal with this serious situation. There is, however, a reservoir of competent and willing individuals who could perform this function on a "crash basis." These are the recognized, experienced student aid administrators in institutions and state programs with efficiently and effectively functioning operations.

These administrators could be used to supplement regional office staffs and implement a major effort to conduct program reviews on all campuses. It is estimated that with the full-time support of 150 aid administrators, the Office of Education could conduct program reviews on all participating campuses within a year. Following such a review year, it is likely that Office of Education staff could conduct follow-up review at least every third year.

The Task Force recommends that the Office of Education institute a program whereby aid administrators of recognized skill and competence be empowered to conduct program reviews on behalf of, and with the support of, regional office staff. This program should be of such magnitude as to permit review of each of the participating institutions within one year.

Such an activity will provide tutorial-type learning experiences for the student aid administrators on their own campuses and could provide data for the management and personpower training needs inventory recommended earlier in this chapter.

Both the current student aid system and the new one proposed in this Report will require skilled and competent administrators at all levels. Increased student aid resources, better information, and better delivery systems will not assure greater access and choice unless the administrators who operate the system are well-trained and skillful. While complete agreement has yet to be reached on what skills and knowledge administrators at all levels should possess, there is enough consensus to move forward with more training efforts of the kind described in this report.

CHAPTER V

The Role and Participation of Students in the Student Aid System and Partnership

The 1974 implementation of the State Student Incentive Grant Program (SSIG), caused problems arising from the interconnected nature of Federal and state government roles in financing postsecondary education to rise to the surface.

People now talk less of the clear separation of roles. Whereas a few years ago, the "Federal role" was described as centering on aid to students and the "state role" was centered on aid to institutions, the distinctions between who should play which roles is now less well-defined. It has taken a few years for persons at the Federal and state levels to become accustomed to talking with each other (along with persons from private institutions, philanthropic sources and private agencies, students and their families, and others) about the complex questions of "financing postsecondary education" through complementary administrative, financing and political roles and mechanisms. Difficult questions remain about the specific roles of specific agencies and bodies of the Federal government, state governments, the private sector, as well as the role of students. The need for closer working arrangements, however, has been recognized to insure that the purposes of Federal and state programs will not be in basic conflict, that aid can be distributed efficiently and equitably, and that the needs of students and potential students can be met.

In this chapter of the Report, the Task Force describes some ways in which the students' role in student aid and in the student aid partnership can become more clearly defined and perhaps bring more precise definition to the roles of all parties in the partnership.

DIRECTLY AFFECTED PERSONS/AGENCIES AS "INTERESTED PARTIES"

In drafting a series of "partnership agreements" in legislation, in regulation, in contract, in planning and research design, and in discussions, the first question is "Who are the interested parties?" That is, who are the persons and bodies whose lives and/or corporate activities will be directly affected by decisions about student aid. Put another way, for whom do or should legal or contractual rights and obligations arise in relation to student aid? The direct effects of student aid decisions are and will continue to be widespread. Therefore, the definition of "interested parties" in formal and informal agreement and discussion should be inclusive.

In defining "interested parties," a number of criteria can be used, including "primary" (or direct parties) and "secondary" parties. Secondary parties may be "directly interested" because of the direct legal impact of decisions on them, although for other purposes they are secondary parties in that they may be "agents" of other "primary" parties.

Another way to look at "interested parties" is to identify those parties "impacted" by Federal student aid programs. The Office of Education's Work Statement on the Impact of Federal Student Assistance Programs (April 1974) called for an assessment of the impact of Federal student aid programs on the behavior of students, postsecondary educational institutions and state governments. While recognizing the impact of student aid programs on a student's parents, family and local government, the Office of Education has identified students, the institutions they attend and state governments as those areas most directly affected by decisions made by the Federal government about student aid programs.

When considering issues of coordination and management of student aid programs, private voluntary agencies, which play a major role in the administration of such programs, also become direct parties.

Within the broad categories of Federal government, state government, postsecondary institutions, and students, there are many subcategories of agencies, bodies, offices, and institutions. Some are directly involved with decision-making or implementation in administrative matters in student aid. Others are involved in financing decisions affecting the structure of student aid programs and other financial structures in postsecondary education and in political decisions affecting overall levels of funding of student aid. Some are involved directly in all three types of decisions.

When subcategories of governments, institutions, and students are identified as "interested parties" for various "partnership agreements" or purposes as they are here, a new interpretation of the partnership takes place. This is especially true for the students.

In partnership agreements, legal enforceable rights and obligations of each party in relation to each other are developed. It is important for each category or subcategory to have the security to protect its own interest and to be able to plan for the future to carry out its other obligations.

This is particularly important in terms of students, because models of student aid have been developed largely around the concept of a student as a "member of a market" with certain "dollar rights" to student aid conferred by Federal, state, institutional, or private parties. The extent of the rights and obligations of the individual student are often unclear to the student and his or her family. In fact, the very nature of student aid rights -- even in the "student in the marketplace" models -- have been "discretionary" and "adjustable" rights (often conferred on a minor student and student's family), dependent on changing circumstances, availability of funds, and the discretion of the student adi administrator. While there is much to be said for "discretionary rights" approaches in the current "mixed market" of "discretionary aid" and "entitlement aid," the administrative mechanisms should also be mixed in terms of the entitlement of an individual student to administrative procedures to secure his or her entitlement rights. Under the current "discretionary rights" concept, a student or potential student does not have the full range of administrative and procedural rights for securing or continuing dollar rights, and has no part in developing and administering such procedures or in developing the changing policies which govern the discretionary process used in allocating funds at the institutional, state or Federal levels.

If the purposes of student aid are to meet the "needs" of a cross-section of students for "access to a diversity of programs in postsecondary education" so that no student is denied access to postsecondary education for financial reasons, the problem of defining those needs from the viewpoint of students and their families, and from the viewpoints of others is paramount.

> *It is important that the interests of students be articulated by persons and groups which are directly responsible to students/potential students (and their families) in order to prevent the inevitable conflict of interest which arises when persons, governments, bodies, groups, or institutions with other primary obligations speak on behalf of students.*

Such persons, groups, government bodies, or institutions can greatly aid, however, in defining how they perceive the needs of different types of students in different programs, through different financing mechanisms, and within various other non-student based goals of postsecondary education.

There are many different types of students with different types of needs. For example, graduate students, low income students, handicapped students, part-time students, and other categories of students have unique needs and problems which deserve special attention by all interested parties. Minority students have especially unique problems and needs which should receive response by all interested parties. The responses to their needs should be based on local and regional, as well as national priorities for the education of minority students. This will help to assure that members of all the various minority groups will receive attention based on needs which arise, in part, from local and regional circumstances and minority representation in different areas.

In determining who are interested parties, there must be a recognition of the complicated balance between Federal, state and private institutions and agencies, and student capabilities and roles. The difficulty of meeting the needs of a growing number and kinds of students should not be underestimated, since the responsibilities of the Federal, state, institutional, and private parties are divided between their legitimate interests in meeting other additional needs of society (such as manpower, defense, research, other educational and economic needs, and other governmental and private goals). Part of the process of developing a "Federal-State-Institutional-Student Partnership" consists of the task of clarifying responsibility for "meeting the needs of students and potential students" rather than simply meeting the administrative, financial and political needs of various agencies and bodies.

STUDENT PARTICIPATION IN THE PARTNERSHIP

There is little agreement on the level or extent of participation of students as co-consumers of, co-producers of, or co-participants in postsecondary education. This lack of agreement extends to the roles that students should play in the student aid partnership.

> *The Task Force believes that students should be able to participate in the student aid partnership at every level in decisions which directly affect their lives.*

Student opportunities to participate in the partnership at the administrative level, the financing level, and the political level should be made available. Student participation must be continual, and undertaken in conjunction with organized groups of students, in order to develop judgment for evaluation and planning which often require the weighing of complex questions. These groups and individual students develop the judgment, the perspective and the common memory over a period of years to assess the interests of various types of students in various administrative, financing and political decisions. Thus, students do not have to "re-invent the wheel" each year.

There are many ways of providing mechanisms which will permit and enhance the opportunities for student participation. The most obvious is to permit students to elect representatives to and become members of various existing decision-making groups concerned with student aid. Another is to develop new types of decision-making groups which would be concerned with adjudicating student grievances through appeals procedures and processes. Likewise, records of decisions on appeals could be maintained and published so that a written case history of student rights in student aid would be available for use by all interested parties -- especially student groups.

> *The Task Force recommends that students be given positions on student aid policymaking groups at the institutional, state, and Federal levels. These positions should be reserved, where practicable, to students who are elected by student senates or other student organizations concerned with governance and by student aid recipients.*

At the institutional level such groups as the admissions and student aid committees should have student representatives. At the state level, boards of higher education assistance agencies, i.e., guaranteed loan agencies, and boards of state scholarship programs should include student representatives as members. At the Federal level, students should be permitted to sit on Office of Education review and appeals panels.

Without a great deal of background and expertise, students should be able to participate effectively at the administrative level on questions of financing postsecondary education in toto. They can simply give firsthand accounts of their own needs, and the problems they have had with the administration of student aid programs.

When students are represented on policymaking boards and gain firsthand knowledge of the problems faced by student aid administrators, governmental bodies, and private agencies, students will experience treatment as the equals of others in the student aid partnership which is working to solve academic and bureaucratic problems. Student participation at the administrative levels may not only help solve specific administrative problems, but increase communication of information about the administrative apparatus and "how the system works" as well. It also keeps the needs of a variety of students at the center of discussion.

Students will begin to participate by trying to understand and articulate their own needs and the needs of other students. By determining and articulating their common and separate problems, or even their conflicting interests, students of different backgrounds develop the experience of a group of persons who know the same language, who know each other, and who have the experience to participate extensively at other levels of student aid decision-making.

As students become more familiar with student aid problems from other perspectives, a larger pool of student expertise will become available from which to draw help in designing models for the financing of postsecondary education. At this financing level, student participants can become more representative of a cross-section of many different student characteristics and they will have the background and judgment to speak on complex questions of finance.

Increased student participation will reveal to all parties that what have frequently been considered student aid problems can be considered common political problems. Even now understanding is becoming more widely shared by a community of students on each campus, and in student organizations at the state and national levels where an ongoing dialogue on student aid and how persons finance their way through college exists.

This political awareness will continue to grow among students, their families, faculty, aid administrators, as well as among persons at state and Federal levels. More will realize that there are currently 1.4 million persons receiving some form of individual student aid from the Office of Education, that 2 million persons are receiving GI Bill educational benefits, and that 7 million persons are affected by tuition decisions made each year in state legislatures and 2-year college districts. These financial decisions which directly and significantly affect people's lives, also affect their families and close friends. Students, as well as their parents, are now voters.

Increased student participation in disscussions on administrative and financing questions will also clarify the fact that the political model under which postsecondary education has existed at the Federal, state and local levels is a very incomplete one. It is a political model which has not been re-examined with the needs of students uppermost in mind — both as the basis for, and the purpose of, postsecondary education, and as the basis for a new coalition of support for financing postsecondary education at adequate levels. The development of the coalition of support for postsecondary education (at the national level) can come through increased communication with student groups representing many kinds of students, through student media on campus, through the national media, and through increased communication with parents of students and potential students.

Through this process of articulation, a "national postsecondary educational" community is likely to evolve. This community will probably have more common purposes and will be more willing and able to communicate them to public policy makers who are concerned with financing postsecondary education.

STUDENT GRIEVANCES AND APPEALS PROCEDURES

The existence of student aid programs based on "entitlement" and "discretionary" concepts demands clarification for students, student aid administrators and the general public. Students in particular need to understand that decisions at the administrative, financing, and political levels regarding student aid are made in terms of these two concepts. More importantly, students need to have formalized means for seeking redress of real or imagined grievances which grow out of decision-making processes at these levels.

Some clarification of this matter will be derived from the implementation of the Task Force's recommendations regarding student participation on policy-making groups. But particular individual student's grievances cannot be quickly handled or rectified with broad, long-term policy decisions. And policy making groups should not be expected to deal with individual student grievances. Therefore, new groups should be formed to receive student grievances, adjudicate them, and render decisions of redress when appropriate, and in accordance with the law, administrative regulations, and sound judgment.

> *The Task Force recommends that every campus and state program establish clear and publicly documented procedures for appeals boards for the purposes of receiving student aid grievances, adjudicating them, and making recommendations to appropriate officials for redress of the grievances.*

The chief executive officer on each campus should be responsible for the establishment of these boards. They should meet at least once each school term to hear student grievances and render decisions and recommendations on each case. The boards should include as members students selected by the student government body or by vote of student recipients.

The appeals board should keep written records of the basic facts of each case and its decision or recommendation. Such records should be made available by the chief executive officer to any member of the campus community upon request.

Since it is unlikely that all campuses will establish such appeals boards, since it is the responsibility of public student aid programs to provide for fair and equitable distribution of public funds and treatment of aid recipients, and since articulation and adjudication of grievances will lead to better program management and coordination among all programs, an appeals board should be created at the state level.

> *The Task Force recommends that the agency charged with administration of the State Student Incentive Grant Program or other appropriate agency in each state establish a student aid policy review board for the purposes of receiving student aid grievances concerning the administration of all public aid programs with the state, whether they are institutional, state or Federal in origin, adjudicating these grievances, and making recommendations to appropriate officials for their redress.*

The boards should include as members students selected by the state agency from among the membership of the campus appeals boards within the state.

The appeals board should hear policy-related grievances from students on the administration of all public student aid programs within the state. The state board should keep written records of the basic facts of each case and its decision or recommendation. The records should be made available to members of the campus communities and the general public on request. Furthermore, annual reports of the state board's activities and decisions should be distributed to all campus chief executive officers, the state association of student aid administrators, the heads of all state-supported student aid programs, the USOE regional office, the state higher education executive officers, and the head of the state department of education.

> *The Task Force recognizes that its recommendations for the creation of appeals boards represents a major departure from the traditional seclusion of student aid decisions from public observation. It is likely that this departure may create new administrative styles of behavior for some student aid administrators and create situations where administrators will receive public criticism which may be undeserved. But the Task Force believes that the public has a right to know how public funds are administered and that open observation of their administration will ultimately improve the student aid system and the way it functions. Even more important, however, is that these boards will function to provide students with opportunities which do not currently exist to redress real and individualized grievances. And, by keeping records and case histories of this process, the board's decisions will serve as guidelines to develop more appropriate administrative practices, policies, and regulations.*

In order for student aid programs to more adequately meet student needs, those needs and the functioning of current programs must be clarified. Students must be given a definitive role in the student aid partnership, and the procedures and processes for clarifying the roles must become institutionalized. By focusing on student needs and roles, the entire student aid system will be strengthened.

APPENDICES

APPENDIX A

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American Association of State Colleges and Universities
American College Testing Program
American Council on Education
Association of American Colleges
Association of Independent Colleges and Schools
Association of Jesuit Colleges and Universities
College Entrance Examination Board
Education Commission of the States
Educational Testing Service
El Congreso National de Asuntos Colegiales
Graduate and Professional Financial Aid Council
National Association for Equal Opportunity in Higher Education
National Association for Financial Aid for Minority Students
National Association of State Scholarship Programs
National Association of State Universities and Land Grant Colleges
National Association of Student Financial Aid Administrators
National Council of Higher Education Loan Programs
National Home Study Council
National Institute for Financial Aid Administration
National Scholarship Service and Fund for Negro Students
National Student Education Fund
National Student Lobby
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APPENDIX C

Suggestions for the Development of Standard
Student Expense Budgets

To develop common standards or guidelines requires general agreement on the level or standard of living at which students will be asked to live: identification and classification of types and amounts of items to be included in student budgets; and, identification, classification, and grouping of individual students on the basis of some common characteristics and student expenditure profiles comprised of the items which traditionally make up the student budget.

Common Standards and Guidelines

Some general guidelines for budget construction are:

1. Student expense budgets should be comprehensive and should make provision for the costs of tuition, fees, books, supplies, housing costs, food costs, clothing costs, recreation, transportation, medical and dental expenses, childcare, and debt repayment as appropriate;
2. Student expense budgets should serve as benchmarks in the analysis of an individual student's financial need, and should be adjusted to reflect unique non-discretionary expenses of students;
3. Student expense budgets should be neither luxurious nor poverty stricken, but should represent some reasonable minimum-to-moderate standards;
4. Student expense budgets should reflect prevailing cost patterns of students at postsecondary institutions and the nation;
5. The following factors should be considered in budget construction:
   a. the student's educational level, if the different levels reflect real significant differences in expenditure profiles;

   b. the student's discipline or field of study, if the differences are reflected in different costs for books and supplies, or student fees;

   c. the student's state (county or city) or permanent residence if different fees are employed on the basis of residence;

   d. the student's domicile, e.g., on-campus, off-campus, with his parents;

e. the student's age, if this variable is related to real, significant differences in expenditure profiles;

f. the student's marital status and number of dependents.

6. Student expense budgets should be updated for inflation at least annually;

7. Student expense budgets should be documented through national, state, and institutional surveys.

Implementing these general guidelines involves a problem of integrating specific, campus-based expenditure profiles with some national standards for expenditure profiles.

The Task Force has chosen to provide some procedures for establishing local norms for amounts of expenditures of different types and follow these with some comprehensive norms based upon Bureau of Labor Statistics (BLS) standards for students. When the national standards seem most appropriate, they will be noted.

One of the ways in which a student aid administrator can best accomplish the construction of budgets is to develop them on the basis of similarities and differences in types and amounts of expenditure profiles for different groups of students. Six budgetary types reflect real differences in expenditure profiles: single students living with their parents; single students living away from their parents in on-campus housing; single students living away from their parents in off-campus housing; married students without dependent children; married students with one or more dependent children; and, unmarried students with one or more dependent children. Additions to these types are variations of the six. The items which make up these student profiles are treated below.

Tuition and Fees

Student expense budgets should include an amount for tuition and fees the student will actually be expected to pay at his/her postsecondary institution. If intra-institutional tuition and/or fee differentials exist for separate categories of students such as graduate or professional students, or for in-state, in-district, out-of-state, out-of-district residency, the budget used to determine the student's need for economic subsidy should reflect these differentials.

Books and Supplies

Separate allowances for books, equipment, and supplies should be made depending on the student's educational level or field of study where there is evidence from a local survey that expenditures for these items by students in the particular field deviate from an established norm.

Housing or Room Allowance

1. A housing allowance should not be made if the student resides with parents, unless the student is required to pay rent.

2. The allowance for housing costs should be a function of the student's marital status and number of dependent children; that is, it should recognize family size difference.

3. At postsecondary institutions which operate residence facilities for unmarried students, the allowance for housing for unmarried students, dependent or independent, should not be less than the institution's contract or rental price for these facilities. Likewise, at postsecondary institutions which own or operate married student housing complexes, the allowance for housing for married students should reflect:

   a. the contract price for an efficiency, studio or one-bedroom apartment if the couple has no children;

   b. the contract price for a two-bedroom apartment if the couple has one or two dependent children;

   c. the contract price for a three-bedroom apartment if the couple has three or four dependent children.

4. For students not living in institutional facilities or at home with parents, or at postsecondary institutions which do not own or operate residence facilities, the allowance for housing should be a function of the student's marital status and number of dependent children. The institution should document the housing allowance in either of two ways: by surveying students or by conducting a survey of local landlords to determine prevailing rents for efficiency, one-, two- and three-bedroom apartments. The standard housing allowance for unmarried students and married couples with no children should approximate the prevailing rent for an efficiency apartment. For married couples with no children, the housing allowance should approximate the prevailing rent for a one-bedroom apartment, the rent for a two-bedroom apartment if the student has one or two children, and the rent for a three-bedroom apartment if the married couple has three or four children.

The student aid administrator should use the BLS data when local surveys have not been performed or are not timely enough to be utilized. Furthermore, the BLS data should provide benchmarks for minimum standards of both housing and food when constructing budgets for students who do not live in on-campus housing or with their parents.

Food

1. For students who live in campus-owned or operated housing the student expense budget should include an amount for food which is not less than the amount of the contract price for food at postsecondary institutions with boarding facilities.

2. For unmarried students who do not reside with parents who attend institutions without boarding facilities, the standard student expense budget should include an allowance which reflects an amount students typically spend or need for a nutritionally adequate diet.

3. For unmarried students living at home with their parents a standard allowance for costs of maintenance at home plus an allowance for cost of meals on campus should be included. The allowance for cost of meals on campus should be based on local normative experience of commuting students. The standard College Scholarship Service allowance for 1975-76 is $900. This figure includes an allowance for miscellaneous expenses such as personal items, medical, and dental expenses but is suggested for inclusion at this point in budget construction because the largest proportion of this allowance will go for meals.

4. For married students, the allowance for food should reflect costs for nutritionally adequate diets for families of various sizes.

Transportation and Automobile Expense

The purpose of the institutional student aid program is to provide students with funds necessary to support themselves while students. The place of the automobile in this context has long been the subject of debate. Some view the automobile as necessary for students to obtain their education (particularly at the suburban campuses where public transportation is inadequate or non-existent). Others see the purchase of an automobile as the acquisition of a capital asset similar to a stereo or scuba gear and as such not a legitimate part of the educational budget. One solution is to make no allowance in the standard educational budget for automobile purchase and maintenance above the standard transportation allowance, but to permit and include these expenses in certification of need for a Federally Insured Student Loan. Another is to allow an amount equivalent to 1/36th of the purchase price of a three-year old automobile (about $30 a month) as an additional transportation allowance in those cases where it can be demonstrated that adequate public transportation is not available.

The use of an automobile for transportation to and from work falls into a different category. It seems more appropriate to make allowance for these expenses as an off-set against employment income than as a standard budget allowance.

It may be logical to use IRS standards for automobile expenses as a national standard. For 1974, IRS sets $0.15/mile to cover the cost of running and maintaining an automobile. Ideally, the transportation allowance would be computed separately for each student, and would be a function of the student's marital status and number of dependent children. The allowance should reflect spending patterns of students, as determined from institutional or national surveys.

Medical and Dental

1. Since the new consensus model for need analysis does not include an allowance for medical and dental expenses if the student is dependent on his parents, allowances equivalent to the cost of medical care at the campus health center and for extraordinary expenses should be made.
2. If the student is self-supporting, a separate allowance in the budget should be made for extraordinary medical or dental expenses only on substantiation that treatment is necessary. It is suggested that the campus health services be the agent authorized to certify the legitimacy, necessity, and reasonableness of the amounts charged for such services.

Child Care

For students with dependent children, some allowance should be made for the cost of caring for them during periods of attendance at class and/or employment if no spouse is present. In the instance of a single parent, an allowance for care during periods of class attendance probably should be included in the standard budget. For single parents and married couples a child care allowance for periods of employment would seem to be more appropriately granted as an allowance against the cost of employment than as an addition to the standard budget. Local child care facilities may be canvassed or local babysitting fees can be discovered by surveying local newspaper listings.

Educational Debt Repayment

There are few educational debts which require repayment during periods when the borrower is a student. It would seem that the student aid administrator would make allowance for this kind of indebtedness only when certification can be obtained from the lender that payments are not or cannot be suspended during periods of further study -- and then only after an effort by the student aid administrator to intervene on behalf of the borrower and obtain an extension of the required repayments.

F

Spouse's Educational and Employment Expenses

If the student's spouse is also enrolled in postsecondary education, allowances for his or her tuition, fees, books and supplies should be included in the budget. Other allowances for spouse's food, lodging, and so on will have been included in the development of a married student's budget. When the student's spouse is employed, expenses directly related to that employment should be treated as offsets to income and not as separate budgetary items.

Other Debt Repayment

The standard budget allows for a modest amount of debt repayment. Allowance of other amounts presumably would reflect unusual circumstances in the student's financial situation. It would seem that where debts do not represent the acquisition of a capital asset such as furniture, cars, stereos, etc., that a monthly amount could be allowed by the student aid administrator.

Sources of Data

There are many national populations from which national standards can be derived. These include the expenditure data of individuals who file Student Financial Statements with the Scholarship Service, United States Department of Agriculture data on consumption budgets, and the Bureau of Labor Statistics (BLS) budget standards.

The BLS budget information is the most widely used source of information in developing need analysis procedures. BLS has published three standards of living for an urban family of four persons, which are widely used to determine budget standards for parents of student aid applicants. This publication provides a detailed itemization of the lower, intermediate (moderate), and higher budget standards for a family of four where the father is age 38. From time to time these standards are updated for price changes in the individual components of the budgets. BLS also provides comparative cost indexes for Standard Metropolitan Statistical Areas (SMSAs) and therefore it is possible to construct budgets that reflect place-to-place differences in cost of living.

Application of the BLS equivalency scale values to the 1967 BLS low and moderate consumption budgets, updated to April 1974 price levels, yields the following 9-month consumption budgets for families where the household head is 20 to 35 years of age:

TABLE ONE

BLS Low and Moderate 9-Month Urban U.S. Budget Standards for Families with Household Heads Age 20 to 35

December 1974 Price Levels

Marital Status	Low	Moderate
Single Individual	$1,980	$2,940
Married - No Children	2,770	4,120
Married - 1 Child	3,510	5,210
Married - 2 Children	4,080	6,060
Married - 3 Children	5,440	8,080

Periodically, BLS publishes indexes of comparative consumption costs for Standard Metropolitan Statistical Areas. (See "Urban Family Budgets updated to Autumn 1973," in Monthly Labor Review, August, 1974) The indexes reflect differences among SMSAs in price levels, and can be applied to the urban U.S. budget standards to estimate the low and moderate budgets for persons in each SMSA. Table Two presents BLS comparative cost indexes and the 9-month low and moderate standards for Standard Metropolitan Statistical Areas.

The BLS budgets are recommended because they have the following advantages over other national sources of data:

1. Their use is consistent with budgets incorporated into existing need analysis programs for assessing parental ability to pay for education;
2. They are easily updated through application of the Consumer Price Index (CPI);
3. It is possible to construct budgets for selected cities (SMSAs) that reflect point-to-point differences in prices;
4. The BLS moderate level budgets for families where the household head is age 20 to 35 do not deviate greatly from student estimates of consumption costs.

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TABLE TWO

9-MONTH BLS LOW AND MODERATE BUDGET STANDARDS FOR PERSONS AGE 20-35 BY AREA:

UPDATED TO DECEMBER 1974

(S=Single; M-0=Married, No Children; M-1=Married-1 Child; M-2=Married-2 Children; M-3=Married-3 Children)

Area	Low Standards						Moderate Standards					
	Index	S	M-0	M-1	M-2	M-3	Index	S	M-0	M-1	M-2	M-3
Urban U. S.	100	1920	2770	3510	4080	5440	100	2940	4120	5210	6060	8080
Metropolitan	101	2000	2800	3550	4120	5490	102	3000	4200	5320	6180	8240
NonMetropolitan	94	1860	2610	3300	3830	5110	90	2650	3710	4690	5450	7270
Northeast												
Boston	101	2000	2970	3760	4360	5820	115	3390	4740	5990	6960	9290
Buffalo	100	1980	2770	3510	4080	5440	104	3060	4280	5420	6300	8400
Hartford	110	2180	3050	3860	4490	5980	112	3300	4620	5840	6780	9040
Lancaster	97	1920	2690	3400	3950	5270	97	2850	4000	5590	5870	7830
New York-NJ	105	2080	2910	3690	4280	5710	113	3330	4660	5890	6840	9130
Phil.-NJ	99	1960	2750	3470	4040	5380	101	2970	4160	5260	6120	8160
Pittsburgh	96	1900	2660	3370	3910	5220	97	2850	4000	5050	5870	7830
Portland, ME	102	2020	2830	3580	4160	5550	102	3000	4200	5320	6180	8240
NonMetropolitan Areas	97	1920	2690	3400	3950	5270	98	2880	4040	5110	5930	7910
North Central												
Cedar Rapids	96	1900	2660	3370	3910	5220	98	2880	4040	5110	5930	7910
Champaign Urbana	105	2080	2910	3690	4280	5710	103	3030	4240	5370	6240	8320
Chicago-NW, Ind.	105	2080	2910	3690	4280	5710	106	3120	4370	5220	6420	8560
Cincinnati-KY Ind.	95	1880	2630	3330	3870	5170	97	2850	4000	5050	5870	7830
Cleveland	99	1960	2750	3470	4041	5380	103	3030	4240	5370	6240	8320
Dayton	96	1900	2660	3370	3910	5220	94	2770	3870	4900	5690	7590
Detroit	100	1980	2770	3510	4080	5440	101	2970	4160	5250	6120	8160
Green Bay	95	1880	2630	3330	3870	5170	96	2820	3960	5000	5810	7750
Indianapolis	100	1980	2770	3510	4080	5440	102	3000	4200	5320	6180	8240
Kansas City	99	1970	2740	3470	4040	5380	99	2810	4080	5160	6000	8000
Milwaukee	98	1940	2720	3440	4000	5330	101	2970	4160	5260	6120	8160
Minneapolis	99	1970	2740	3470	4040	5380	96	2880	4040	5110	5930	7910
Wichita	96	1900	2660	3370	3910	5220	95	2880	3910	4950	5750	7670
St. Louis	99	1960	2740	3470	4040	5380	99	2900	4080	5160	6000	8000
NonMetropolitan Areas	97	1920	2690	3400	3950	5270	93	2740	3830	4850	5630	7510

Source: James L. Bowman and Dwight H. Horch, Measuring the Financial Status of Graduate and Professional Students, Graduate and Professional School Financial Aid Service, Educational Testing Service, (In press)

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TABLE TWO (CONT'D.)

9-MONTH BLS LOW AND MODERATE BUDGET STANDARDS FOR PERSONS AGE 20-35 BY AREA

UPDATED TO DECEMBER 1974

(S=Single, M-0=Married, No Children, M-1=Married-1 Child; M-2=Married-2 Children, M-3=Married-3 Children)

Area	BLS Low Standards						Moderate Standards					
	Index	S	M-0	M-1	M-2	M-3	Index	S	M-0	M-1	M-2	M-3
Urban U. S.	100	1980	2770	3510	4080	5440	100	2940	4120	5210	6060	8080
Metropolitan	101	2000	2800	3540	4120	5490	102	3000	4200	5320	6180	8240
NonMetropolitan	94	1860	2610	3300	3830	5110	90	2650	3710	4690	5450	7270
South												
Atlanta	96	1900	2660	3370	3900	5220	94	2770	3870	4900	5690	7590
Austin	91	1800	2520	3190	3710	4950	89	2620	3670	4640	5390	7190
Baltimore	101	2000	2800	3550	4120	5490	96	2820	3960	5000	5810	7750
Baton Rouge	92	1820	2550	3230	3750	5000	92	2710	3790	4790	5570	7430
Dallas	94	1860	2610	3300	3830	5110	93	2730	3830	4850	5630	7510
Durham	97	1920	2690	3400	3950	5270	95	2800	3910	4950	5750	7670
Houston	94	1860	2610	3300	3830	5110	92	2710	3790	4790	5570	7430
Nashville	95	1880	2630	3330	3870	5170	95	2800	3910	4950	5750	7670
Orlando	98	1940	2720	3440	4000	5330	92	2710	3790	4790	5570	7430
Washington, D.C. MD-VA	103	2040	2860	3620	4200	5600	102	3000	4200	5320	6180	8240
NonMetropolitan Areas	90	1780	2500	3160	3670	4890	86	2530	3540	4480	5210	6940
West												
Bakersfield	97	1920	2690	3400	3950	5270	94	2770	3870	4900	5690	9750
Denver	98	1940	2720	3440	4000	5330	95	2820	3960	5000	5810	7750
LA-Long Beach	104	2060	2880	3650	4240	5660	100	2940	4120	5210	6060	8080
San Diego	101	2000	2800	3540	4120	5490	98	2880	4040	5110	5930	7918
San Francisco Oakland	109	2160	3020	3830	4440	5930	107	3150	4410	5580	6480	8640
Seattle-Everett	104	2060	2850	3650	4240	5660	103	3030	4240	5370	6240	8320
Honolulu	119	2360	3020	4180	4850	6470	115	3390	4740	5990	6960	9290
NonMetropolitan Areas	97	1920	2690	3400	3950	5270	90	2650	3710	4690	5450	7270
Anchorage	143	2840	3970	5020	5830	7780	129	3800	5320	6720	7810	10,420

Source: James L. Bowman and Dwight H. Horch, Measuring the Financial Status of Graduate and Professional Students, Graduate and Professional School Financial Aid Service, Educational Testing Service, (In press)

For these reasons, the BLS data probably provide the best basis for determining national and local budget standards for single individuals at non-resident institutions and married students who do not live in campus-owned or operated apartments. On the other hand, BLS standards may not be appropriate for students who live with parents and commute to campus, or students who live in campus-owned or operated housing because amounts for housing actually paid by the student may deviate substantially from the amount assumed in the BLS standards. It is probably best, therefore, to construct budgets locally for students who live with parents and commute to school, and for students who reside in housing owned or operated by the postsecondary institution. It is suggested that aid administrators use standards which are based on their campus-operated facilities and local standards for students who live with their parents.

Establishing Local Norms

There are varieties of ways to collect data to establish local norms. Many aid administrators do this by interviewing students, by analyzing self-reported budget estimates on aid applications, or by conducting actual surveys of the student population or a sub-population. It is widely known, however, that employment of different techniques yield results of quite varying reliability and validity.

The Task Force believes that more uniformity of procedures for establishing local norms can be achieved by presenting some guidelines for the collection of data on individual campuses to support budget construction.

The Task Force recognizes that student aid administrators on many campuses frequently lack the resources necessary to accomplish major, or in some instances, even minor research efforts. In part, this is due to lack of funds to devote to research.

Even if funding for research on student expenditures is available, many questions need answers before research can take place. The questions include: What groups should be studied to establish norms? What sample sizes are appropriate? What data needs to be collected? When and how should the data be collected?

The norms groups should include students who are representative of the students in each budgetary type, e.g., single students living at home, single students living on campus, married students without dependents, etc.

The groups should include aid recipients and students who are not aid recipients. In no cases should norms be based upon just the student aid recipient population because these students' expenditure profiles will typically differ from the profiles of the non-aid recipients.

After a decision about the types of students that should be studied is made, the sizes of samples must be determined. In general, sample sizes of no fewer than 100 students per budgetary type should be obtained in order to assure that results are statistically significant. When one is establishing means or norms of expenditures for different items, a test of significance of means is necessary to assure the reliability and validity of the results. Tests of significance on the particular budgetary item variables under study will require at least 100 students in each sample.

On small campuses there may not be sufficient numbers of students in a given budgetary type to meet the 100 student minimum. In these circumstances the researcher might combine study results from two consecutive years, adjust the results with comparisons to national data, and validate the norms with interviews of students. On small campuses it may be best not to sample the student body but to study the entire population.

On larger campuses sampling is appropriate because it reduces the costs of data manipulation. The answer to "how large a sample?" can be determined by the 100 student limitation and some simple arithmetic. This is illustrated below. Assume a campus population comprised of 15,000 undergraduates distributed among budgetary types as follows:

6,000	single students living in on-campus housing
3,000	single students sliving in off-campus housing
3,750	single students living with their parents
2,500	married students without dependents
750	married students with dependents

If a questionnaire is to be administered to these students and there is no way to identify beforehand which students will fall in each category, then the proportion of all students to be sampled depends on the minimum number of respondents needed from the smallest group. One hundred students is the minimum sample needed. Only 750 married students with dependents are included in the population. At least 100 of them should be included in a sample. This is 13 percent of that sub-population. Therefore, one out of every eight students in the entire group needs to be included in the sample. The total sample size for the college will be approximately 1,950 students.

If students are mailed a questionnaire and have a free choice to respond to it, the surveyed sample should be at least double the size of the research sample needed in order to compensate for non-respondents. Therefore, about 3,900, or one out of every four students should be asked to participate in a survey.

The answer to what data should be collected should be "all those factors which relate to identification and classification of students and budget items into expenditure profiles."

The choice of when to collect data is a difficult one. If data are collected at the beginning of a year, new students may not be able to provide accurate estimates of what various items will cost them for the year. But if data are collected at the end of the year, when more accurate estimates might be available, the results cannot have been used to counsel aid applicants who applied during the current year for aid for the subsequent academic year. A possible compromise is to collect data after the first term of the year. This would permit the use of results at an earlier date after having given new students some experience with their expenditure patterns. Regardless of when data are collected, they would be compared with consumer-price index data and adjusted where appropriate.

The choice of *how* to collect data is largely dependent on resources available to the researcher. The least expensive way to collect data is to ask the sample students to complete a self-administered questionnaire. But mailing a self-administered questionnaire to students involves some risks. First of all, students might incorrectly interpret and incorrectly answer the items on the questionnaire. Secondly, if students are given a free choice to respond, the characteristics of respondents may differ from the characteristics of students who choose not to respond. Then the researcher has to make some judgments about whether the results of the survey are representative of all students in the population. Both of these risks could be eliminated by interviewing students, but the process of setting up and conducting interviews is costly and time-consuming.

Most student aid administrators are likely to have to resort to self-administered questionnaire techniques. The risks of misinterpretation of questions can be minimized by "field-testing" the questionnaire on a few students and revising troublesome items before administering to all students.

The risks of sample bias can be minimized by carefully selecting the sample of students to be surveyed and applying statistical tests to results on the basis of other knowledge of the student population. For example, if it is known that 65 percent of the population is comprised of male students and only 45 percent of the questionnaire respondents are male, the researcher will have to adjust the results in accordance with the way responses vary by sex of the respondent. If analysis showed that the male respondents spent an average of $450 per year on clothing and recreation and female respondents spent $500, the weighted average for both sexes would be $478. This is obtained by multiplying $450 by 45 and $500 by 55, summing the products, and dividing by 100. However, since more respondents were female than appear in the general population, the probable weighted average for all students is $468. This is obtained by multiplying $450 by 65 and $500 by 35, summing the products, and dividing by 100.

Another way to estimate the impact of sample bias is to apply statistical tests for standard errors of the mean to results. These tests will show how widely the respondents' means may differ from the population means. In the clothing and recreation example given here, an error of $20 to $30 is tolerable because it only represents $3 to $4 a month per year per student difference in expenditures.

Mailing a questionnaire to a sample of students at the end of the first term is one way to administer the questionnaire. Another alternative is to administer the questionnaire, if it is brief, to all students at registration and then analyze a random sample of respondents in order to reduce data processing costs if the campus population is quite large. One does not have to be concerned with sample bias if an entire population is studied.

In summary, the Task Force recommends that a questionnaire should be administered annually on each campus to enrolled students within each budgetary type to obtain data on the real expenditure profile experiences of the students. The questionnaires should ask for data in a fashion that will permit inter-institutional comparisons of student expenditure profiles. That is to say, the items should be similar and responses should be tabulated in a similar fashion. The questionnaire should be administered during the middle of the academic year so that responses can better reflect the true experiences of students. In some instances, the entire student body should be studied, but in other instances where the enrolled student body is large, samples of students may be studied as long as efforts are made to insure that the samples are representative of the populations and sub-populations to be analyzed. A strong attempt should be made to obtain study samples of at least 100 students per budgetary type group. The results of any survey analysis should be validated where possible by student interviews, comparisons with national data, and campus-based data from non-survey sources. The Federal and state governments have a responsibility to provide fiscal support for these research activities by providing institutions with an administrative allowance which is based on a percentage of the total amounts of aid dollars administered by the institution on behalf of these governments.

APPENDIX D

Program Information Exchange

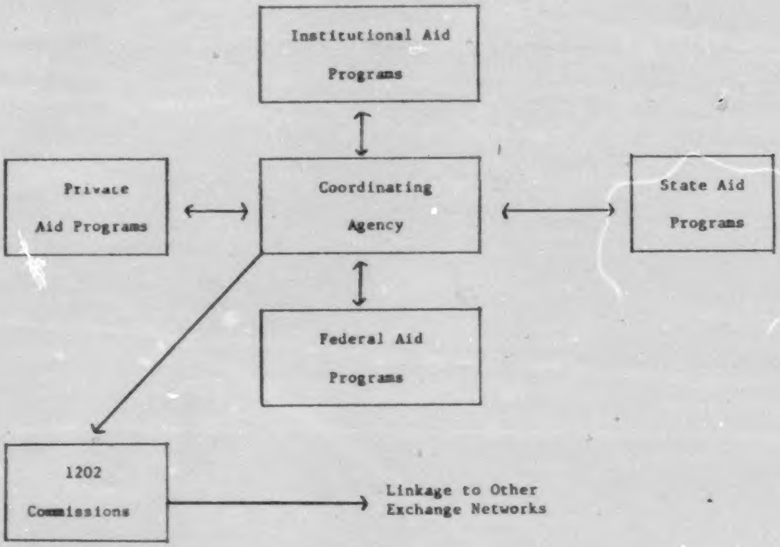
In Chapter IV of the Task Force report a number of recommendations were made concerning the exchange of information from and about the various student aid programs. This Appendix provides some additional details about that process and the kinds of information which might be exchanged.

Who is Going to Exchange Information?

Since the development, operation and management of programs as they exist within a state seems most critical, the first assumption for the information exchange is that its primary network will operate among the Federal, state, institutional, and private aid programs within the geopolitical boundaries of a given state. This does not imply that state programs or other programs within a state should not, cannot, or will not communicate with programs outside their state. It implies only that the functional operation of the primary network is based upon information exchange within a state. Figure Three diagrams the primary exchange network and its relationship to other networks.

Figure Three

The Primary Information Exchange Network


Institutional Aid Programs
Private Aid Programs
Coordinating Agency
State Aid Programs
Federal Aid Programs
1202 Commissions
Linkage to Other Exchange Networks

What Information Will Be Exchanged?

There are three categories of information to be exchanged:

> Policy and Procedural Information - Information related to the amounts of aid available to potential recipients, the types of aid available, the criteria for eligibility and awards, and the procedures for delivery of the aid, i.e., application forms, dates, etc.;
>
> Student Information - Information related to specific students who apply for aid from the program, e.g., name, address, identification number, individual award amount and type, etc.;
>
> Summary Information - Information related to the group characteristics of applicants and recipients and where their particular awards were spent for what types of education, e.g., in-state, out-of-state, two-year, four-year, public, private, proprietary, institutions, undergraduate, graduate or professional, business/vocational education.

The exchange network described here could, in any given state, feature exchange of one, two, or all three categories of information. Because of costs or other considerations it may be possible to implement just one of the phases of information exchange. This does not, however, negate the value of the exchange of information nor the utility of the entire network. The exchange of Student Information will be greatly facilitated to the extent that the Common Form is adopted by all the aid programs within a state. The exchange of Policy and Procedural Information would lead directly to documents which could be distributed through the student information system described earlier in this Report.

Policy and Procedural Information refers to information on the amounts of aid available to students through the various programs and the types of students to which the aid would be directed. The amounts of aid simply refers to the appropriations or allocations to the particular programs. The types of students refers to the general characteristics of the students the program administrators hope to serve. In the initial year(s) of the information exchange network, different deadline dates for receipt of applications and notification of student awards would be collected and exchanged, but hopefully, all programs would adopt common calendars and the common application, making the collection of this information unnecessary.

It should be feasible for at least some, if not all, programs to exchange information concerning the probable amounts of awards (or probability of an award) to students within given ranges of family income, student and parent contributions, and demonstrated need, so that each program can anticipate how a student who applies to another program may be treated by that program. (The feasibility of such an exchange will be enhanced with the acceptance of a Common Form and a common procedure for assessing parental ability to pay for postsecondary education.)

The implementation of this phase of the program information exchange will be the most easily accomplished because it requires only descriptive information which is similar to that collected from state programs by the National Association of State Scholarship Programs in its annual survey and by several state student aid officers' associations for publication in handbooks prepared for students.

The amount and type of student information which can legally and feasibly be exchanged is more difficult to determine. It is not feasible nor is it necessary for all programs to exchange all the information they collect on all their applicants. Given wide acceptance of a Common Application Form, most programs would have the same information on each student anyway. Under those circumstances, the programs would only need to let each other know that particular students had applied to their program and the specific decisions that had been made on the students' applications.

Any exchange of student information involves questions of student and family rights to privacy. The exchange requires that information which is collected NOT be made available to persons or agencies without the student's and family's consent and foreknowledge. The agency in each state that is responsible for the network must safeguard the student and family right to privacy.

The DHEW/USOE Task Force on Management of Student Assistance Programs recommended that the Basic Grant Program report individual records and summary data on Basic Grant applications on a monthly basis to state scholarship agencies. It was further recommended that information related to awards the state agencies make to the Basic Grant applicants should be forwarded to the appropriate postsecondary institutions on a timely basis. Therefore, it seems reasonable to develop a system in which the state scholarship agency forwards its grant information to the postsecondary institutions and, at the same time, to the Guaranteed Loan Program in the state. Again, if the Common Form were adopted, only the names of the student and each program's action would need to be forwarded since each agency would have the application data.

The institutions, once they have made their awards to the students, would forward notification of their decisions to the guarantee agency or to individual lenders which the students might identify.

The particular pattern of information flow recommended here facilitates the acceptance of the packaging philosophy recommended below. The philosophy underlying the recommended packaging approach is that all grant monies should be used to "equalize" the ability of students and parents to pay for postsecondary education. Under this flow of information, the Basic Grant would provide the foundation upon which all other aid is based. State grants would be the next type of grant award, followed by the Federal Supplemental Educational Opportunity Grant and institutional grant monies. Institutional work and/or loan awards, the National Direct Student Loan awards, the College Work/Study awards, and the Guaranteed Loan Program loan awards would all fall under the rubric of self-help and be awarded after grant monies are utilized. Regardless of the point at which a student might enter the system, e.g., by applying for a Basic Grant, a state scholarship or loan, or an institutionally-based award, the student's final aid packaging process at the institution would be facilitated by the proposed system.

The flow of the individual award data files are diagrammed in Figure Four. It should be noted that options are built into the flow for states where there are no state guaranteed loan agencies. It is assumed that all states will have a state scholarship agency which participates in the State Student Incentive Grant Program. Another option is to include private grant and loan programs in the information flow where there are large programs which do not make awards through the institutions.

While the needed Summary Information is similar to that obtained for fiscal operation reports to Federal and state governments, it does not necessarily require the same "accountant's precision." In the interest of efficiency of data management, however, there should be a close correspondence between both kinds of reports, i.e., Summary Information collection documents should ask for similar kinds of information in similar formats.

There will have to be more than one type of data collection document. One each for the Basic Grant and Federally Insured/Guaranteed Loan Programs will have to be developed. Other documents for institutionally-based aid programs, state scholarship or loan programs, state vocational rehabilitation programs, and private scholarships or loan programs will have to be developed. Finally, a document for the Veteran's Administration and Social Security Administration programs will have to be developed. In order to facilitate the program information exchange, the Federal programs should be responsible for generating state summaries for expenditures from all their programs, regardless of whether the aid is delivered directly by them or an administrative agent. Some characteristics, however, seem common to any and all collection documents.

1. All programs should agree to use the same family and independent student income intervals for all their reports. While annual gross family income as an indication of ability to pay for postsecondary education sometimes is misleading (where family sizes or assets drastically differ or lack congruence with gross income), it remains the most basic and understandable statistic for most policy makers.

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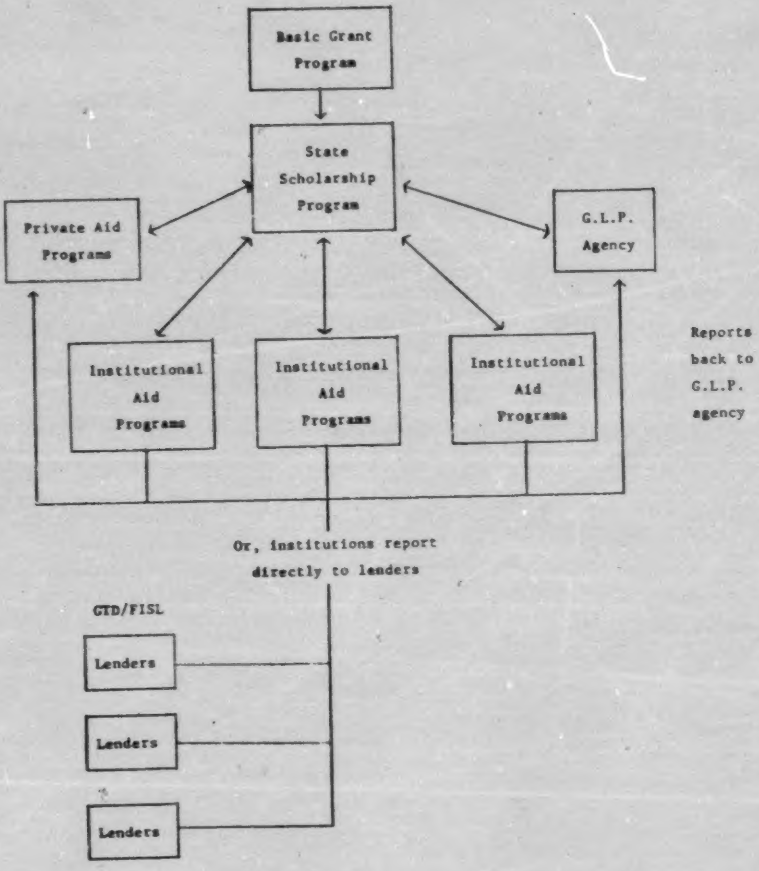
Figure Four

The Flow of Student Award Data Files


Basic Grant Program
State Scholarship Program
Private Aid Programs
G.L.P. Agency
Institutional Aid Programs
Institutional Aid Programs
Institutional Aid Programs
Reports back to G.L.P. agency
Or, institutions report directly to lenders
GTD/FISL
Lenders
Lenders
Lenders

That is why its use is suggested here. The number and width of the intervals should bear some relationship to ranges of student and parental ability to pay for postsecondary education. These nine intervals seem appropriate: less than $3,000; $3,000 to $5,999; $6,000 to $8,999; $9,000 to $11,999; $12,000 to $14,999; $15,000 to $17,999; $18,000 to $20,999; $21,000 to $24,999; and, $25,000 and above.

2. If a program makes awards to students at more than one institution or type of institution, they should be identified by level (less than two years, two but less than four years, four or five-year baccalaureate, and beyond the baccalaureate degree), by control (public, non-public, proprietary), and by type (terminal-occupational or bachelor's creditable but below four years, liberal arts and general, graduate and/or professional).

3. If a program makes awards to post-baccalaureate students as well as baccalaureate or pre-baccalaureate students, the graduate-level applicants and recipients should be distinguished on the report forms.

4. Scholarships and grants, loan, and employment awards should be distinguished by whether need is or is not a criteria for eligibility.

For Institutional Summary Information, aid should be distinguished on the basis of type, whether it is based on need or not, and its source of funds, i.e., Federal, state, private, or institutional. Information about applicants' family incomes, whether for dependent or independent students, should be exchanged along with their program level (lower-division, upper-division, post-baccalaureate) for each category of aid program.

APPENDIX E

A Description of the Consensus Model

For Determination of Parental Ability to Pay

The purpose of this paper is to describe the proposed system for a uniform methodology for measuring parental ability to pay for postsecondary educational costs. The uniform methodology brings into being several characteristics long considered desirable by many financial aid administrators and agencies awarding student aid funds -- namely, a more simplified system in which the methodology can be readily understood by the users and in which accuracy of information is retained.

The development and maintenance of a uniform methodology for the measuring of parental ability to pay will continue to be important as long as the primary purpose of financial aid programs is to permit attendance at postsecondary institutions by students who cannot afford to pay the expenses themselves. The desired equity in the awarding of financial aid can only be achieved through the widespread application of a consistent method for measuring the ability of families to pay for educational costs.

Assumptions

The underlying principle of the methodology is that parents have an obligation to finance the education of their children to the extent that they are able.

Another general assumption is that the family should be accepted in its present financial condition. A system that analyzes financial need should deal first with the objective facts of family financial circumstance. It should not make distinctions between the frugal and the spendthrifty. It should not distinguish between improvidence and financial hardship.

The proposed uniform methodology attempts to treat all families equitably, recognizing the peculiarities of each family's situation that contributes to differences in ability to pay. The computation system must consider the size of the family and the extraordinary expenses that the family may have; it should consider special family circumstances such as age, marital status, and the number of working parents, as these factors can and do alter a family's financial strength.

The uniform methodology considers both the income and assets of parents in measuring their financial strength to contribute to postsecondary educational costs. This principle of need analysis assumes that a family's income is the primary source of support for postsecondary education, but its accumulated assets must also be considered. Income and assets, combined, produce a comprehensive index of a family's financial strength and therefore its ability to contribute toward educational costs. Furthermore, the system recognizes certain expenses and expenditures that are generally not a matter of family choice; it does not, however, make adjustments in estimates of financial strength because of differences in family situations that do result from family choice. For example, a family that owes a large debt on an automobile is treated identically with a family that owns a fully paid-for model. Even though the first family has a debt and may be required to allocate more of its income to paying that debt, the purchase of the automobile generally reflects family choice. Therefore, the debt obligation is not considered in the estimate nor is the value of the automobile.

Although relatively simple, accurate, and objective data are the basis for the uniform methodology calculations, the resulting contributions are a reliable estimate of the family ability to contribute to postsecondary educational costs. There may well be complexities in individual family financial circumstances and differences in attitudes toward education that will require that an aid administrator consider adjustments if appropriate for a specific family. In doing this he or she should evaluate both the objective and subjective information available to him from all sources.

In general then, the expected parental contribution toward educational expenses generated by the uniform methodology are derived from the interaction of income, unusual circumstances, asset holdings, and rates of expected contribution toward educational expenses.

Basic to the philosophy of the uniform methodology is the concept that certain levels of income and assets are required to provide for the economic necessities of the family, and that income and assets above these levels are available, in varying amounts, for meeting the costs of attendance at institutions of postsecondary education.

Concept of Effective Income

The uniform methodology for measuring parental ability to pay uses a concept of "effective income" in its procedures for calculating the parental contribution for educational expenses. Effective income, in this case, is defined as that income available to the family for the provision of its economic needs after allowance against the parents' total taxable and non-taxable income has been made for the following expenses:

1. Federal income and FICA
2. An allowance for state and local taxes
3. Medical and dental expenses claimed for tax purposes (excluding medical insurance)
4. Casualty and theft losses claimed for tax purposes
5. Housekeeping allowance (if appropriate)

An allowance is made for Federal income and social security (FICA) taxes because these are mandatory taxes that are generally equally applicable to citizens in the United States and its possessions. The payment of such taxes reduces funds available for other economic needs.

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The provision of a direct allowance for social security taxes paid rather than the standard allowance included in the BLS low budget level is necessary because of the ever-growing disparity between the standard allowance used and the actual FICA taxes paid by a family. The actual social security taxes paid by a family have increased at a greater rate than the allowance for such taxes in the budget standard adjusted by the CPI because of changes in the FICA rate and the basic amount of income subject to FICA taxes. In 1967, employers contributed 4.4 percent on maximum creditable earnings of $6,600. In 1974, however, employees contributed 5.85 percent on maximum creditable earnings of $13,160. For example, the provision for social security contribution in the 1967 BLS low budget level of living was $265. If this amount was updated by the increase in the CPI that has occurred between 1967 and December 1974, an increase of 55.4 percent, we would arrive at an allowance of about $410. In 1974, this amount of FICA taxes would have actually been paid by a person earning about $7,000. Consequently, a standard allowance would understate the actual taxes paid by families above this level of income. This understatement would be significant as families approach a moderate level of living since the FICA tax is applied against creditable income up to $13,160. In addition, since the BLS standards assume only one wage earner, use of a standard allowance would provide no allowance for social security taxes paid by a second working spouse, significantly overstating the income available to meet postsecondary educational costs.

In determining the Minimum Standard Allowance used in the uniform methodology, only the consumption portion of the BLS low budget standard was used and no standard allowance for social security taxes was included.

In addition to the allowance made for Federal income and employment taxes, the uniform methodology also takes into account the other taxes, state and local income, property, sales and excise, which families must pay. It is recognized that the collection of exact tax information within each locality and state for individual families would be an extremely difficult task and poses problems with respect to accuracy of the information collected. On the other hand, to allow only for certain taxes, such as state income, and to exclude property, sales and excise taxes would provide inequitable treatment to certain families, considering the fact that there tends to be some general uniformity of the overall tax burden by income groups in the United States.

In the proposed methodology, provision is made for the average payment of state and local income, property, sales, and gasoline taxes through the provision of an allowance based upon the family's reported total income for computation purposes. These allowances have been derived using estimates of the property, sales and excise taxes contained in the BLS low budget standard, adjusted for changes in the Consumer Price Index and average family size and information published by the Internal Revenue Service on state income taxes deducted by various income levels throughout the United States.[2] The following percentages of reported total income for computation purposes are used as the allowance for state and local income, property, sales and gasoline taxes:

Reported Total Income for Computation Purposes	Percentage of Income as Allowance for State Income and Other Taxes
\$ 0 to \$ 6,000	10%
\$ 6,000 to \$10,000	9%
\$10,000 or more	8%

An allowance is made in the uniform standard for provision of unusual medical and dental expenses. In an effort to enhance the accuracy of the information reported, the uniform methodology uses those medical and dental expenses (excluding medical insurance) allowable as a deduction for Federal income tax purposes. Since provision for the basic medical expenses (including medical insurance) for families is made in the minimum standard allowance, such expenses that are allowable for income tax purposes (exceeding 3 percent of adjusted gross income) more closely approximate unusual or extraordinary expenses to a family.

Special allowances are also given for extraordinary expenses that are not normal expenses of family life and reduce a family's usable income. The allowable expenses in this category are those associated with "acts of God." These are expenditures of a casualty or theft nature that are not foreseen and do not arise from an act of consumer choice. Again, in order to retain the reliability of the information reported and to minimize confusion about the terminology of "unusual expenses," the uniform methodology uses those deductions for casualty and theft losses as defined and allowed for Federal income tax purposes.

In the development of the uniform methodology, emphasis was given to the tenets that a system of determining parental ability to pay should be kept as simple as possible, be based upon reliable information, and provide for horizontal and vertical equity. In the provision of an allowance for extraordinary expenses, care is taken to insure that arbitrary value judgments are minimized within the confines of assessment of parental ability to pay. It is more properly the role of the financial aid officer to consider the individual family circumstances and ascertain the appropriateness of an additional allowance for other unusual family expenses or debt rather than a centralized system with rigid, specific delineations of what is and is not allowable.

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[2] Statistics of Income: 1972 Individual Income Tax Returns, Department of the Treasury, Internal Revenue Service, Washington, D.C.

In addition to these deductions, the uniform methodology provides a working spouse allowance where there are two working parents or where there is only a single parent. This allowance is 50 percent of the lesser income or $1,500, whichever is least. The allowance is meant to adjust total income in recognition of the additional employment and other expenses incurred by families where two people are earning that income. When two parents are working they incur additional expenses for clothing, transportation, and meals away from home and in a number of cases expenses for child care that are not included in the BLS low budget standard which assumes only one wage earner.

Thus from the total family income (taxable and nontaxable) are subtracted certain deductions; i.e., Federal income and social security taxes, an allowance for state income and other state and local taxes, and if applicable, a working spouse allowance, medical, and extraordinary expenses. The remainder is considered to be "effective income."

The uniform methodology provides for a standardized allowance called the Minimum Standard Allowance (MSA). The MSA represents the cost of the basic necessities for each family member, excluding the applicant, receiving over one-half support from the family. The uniform methodology assumes that the student will not be part of the family unit for a period of nine months; consequently, no provision for his expenses during this period are included in the MSA. Use of the MSA, therefore, exempts from contribution the amount of income necessary to provide for the most basic expenses of the remaining family unit.

The following Minimum Standard Allowances are based on the spring 1967 consumption cost estimates of the Bureau of Labor Statistics (BLS) for a family living at a low standard of living with certain adjustments. Since a direct allowance, based on total income for computation purposes, is made for state income and local property, sales, and gasoline taxes in the uniform methodology, all such taxes that were a part of the BLS low budget standard were subtracted. In addition, since the MSA represents the basic expenses required by the family unit remaining in the household, that portion of the standard representative of the applicant's basic living expenses for a nine month period were also deducted. The remaining BLS low budget consumption costs were adjusted for changes in the Consumer Price Index through December, 1974, and to provide for families of differing sizes by using the BLS Equivalency Scales.

Family Size (Including Applicant)	MSA
2	$ 4,180
3	5,140
4	6,430
5	7,590
6	8,550
7	9,070
8	9,580
9	10,090
10	10,610
11	11,120
12	11,640

It should be noted that the BLS equivalency scales used in the derivation of the above MSA's was that based on age distribution appropriate for parents and students in the undergraduate years. When the uniform methodology is used to measure estimates of parental ability to contribute toward the educational costs of postbaccalaureate study in graduate or professional schools, these MSA's should be increased by 5 percent to be more representative of the general age distribution of that population.

It should be pointed out that family size in the proposed system is determined by the number of family members receiving over one-half their support from the family. Use of the family member concept eliminates the need for an arbitrary allowance for dependents other than children, and the dollar level it represents (differing by family size) is a more current approximation of the expenditures in dollars and in kind that the family is providing.

Thus, from the total family income (taxable and nontaxable) are subtracted Federal income and social security taxes, an allowance for state income and local property, sales, and gasoline taxes, certain allowable deductions, a working spouse allowance (if applicable), and an appropriate standard allowance based on family size. The remainder is considered to be "available income" and is available to the family for supplementation of the Minimum Standard Allowance and a variety of other discretionary purposes, one of which is assumed to be the provision of expenses of the applicant while attending a postsecondary educational institution.

The calculation of available income in the proposed uniform methodology can be illustrated as follows:

Taxable wages, salaries, tips and other employee compensation:
  Father
  Mother
+ Dividends
+ Interest
+ Income other than wages, dividends, and interest
- Adjustments to income (sick pay, moving expenses, business expenses, etc.)

= Adjusted gross income for year preceding academic year
+ Nontaxable income for year preceding academic year
= Total income for computation purposes
- Federal income and social security taxes
- Allowance for state and local taxes
- Deductions claimed for tax purposes on the basis of medical/dental expenses (excluding insurance premiums)
- Deductions claimed for tax purposes on the basis of casualty and theft losses
- Housekeeping allowance (if appropriate)
= Effective income
- Appropriate minimum standard allowance
+ Available income for supplemental and discretionary purposes

It is from the available income of the family, if any, that support is expected toward the expenses of the student while attending a postsecondary educational institution. When available income is negative, this is indicative of a situation where the family income is generally insufficient to provide even for a minimum standard of living for the remaining family members and the student's needs may be greater than that of the institution's standard student expense budget.

Parental Contribution from Assets

Since assets contribute to the financial strength of the family, it is important to include them when assessing the family's ability to pay for postsecondary education. A strong net assets position indicates greater capacity to finance postsecondary expenses out of current income, and greater access to financial resources in general. Rather than expecting a family to liquidate its assets, the assessment of assets indicates the family's ability to contribute more (or less) from its income as a result of its total financial strength.

In general, the uniform methodology views the expected contribution toward the cost of attending a postsecondary institution in light of the total financial strength of the family as generated by the interaction of income and assets. It is generally recognized that the possession of assets gives greater total financial strength than income alone. Following this concept, the family with small income and large assets may have the same relative financial strength as another family with a higher income but fewer or no assets.

The uniform methodology measures the financial strength provided by various combinations of income and assets by determining the potential supplementary income that would be expected from a given value of assets. Since assets generally have been accumulated by deferring the purchase of goods and services from income in the past, the assets can be considered available to supplement the purchase of goods and services from income at the present and in the future. The uniform methodology assumes that this supplement to current family income from assets is prorated over the expected lifetime of the parent. While families may not convert their assets according to this formula, the technique serves to group families equitably with approximately the same financial strength when both income and assets are considered together.

The standard items to be considered as assets in the proposed system are:

1. Residence equity
2. Other real estate equity
3. Cash assets
4. Other investments
5. A portion of business/farm net worth according to the following formula:

Net Worth	Amount Assumed to be Available
$ 1 - $ 20,000	40% of net worth
$ 20,001 - $ 60,000	$ 8,000 plus 50% of excess over $ 20,000
$ 60,001 - $100,000	$28,000 plus 60% of excess over $ 60,000
$100,001 or more	$52,000 plus 100% of excess over $100,000

In those cases in which a farm or business is the principle source of family income, a portion of the assets of that farm or business should be protected to avoid endangering the income-producing ability. The uniform methodology recognizes this by allocating increasing shares of net worth of a farm or business toward educational costs in accordance with the above formula.

The uniform methodology does not take into consideration the value of consumer goods or assets, nor are outstanding loans or debts -- incurred in connection with purchases of such durable consumer goods as automobiles, household furnishings, and appliances -- considered. It does recognize that all family assets are not available for the payment of postsecondary educational costs but rather have been accumulated for a variety of purposes including emergencies, future consumption, and eventual retirement.

In essence, the dollar allowance against net assets is determined by the additional income required to provide the difference in the 1967 BLS moderate income level for a retired couple or individual (updated for changes in the CPI) and the current average social security benefits for a similar type family. It is assumed that future increases in inflation will be offset by changes in the future benefit levels so that use of current average benefits and budget needs serves as a relatively good proxy. The additional income required to provide for the difference in the current moderate level of retirement income for a couple ($6,080) and the average current social security benefits for a retired couple ($4,220) is $1,860. The uniform methodology then provides as an allowance against assets, the amount that might be demanded as a single payment by a commercial insurance company at differing ages of the primary working parent in return for the payment of such annuity (excluding dividends, if any) per year beginning at age 65. Allowances in those cases where the mother is sole support are derived in a similar manner. Retirement allowances for selected ages and family types under the uniform methodology are illustrated below:

Age	Two-Parent Family	Mother Sole-Support
42	$ 9,200	$11,400
47	10,600	13,100
52	12,500	15,300
57	15,000	18,100
62	18,600	22,000
65	21,600	25,200

Under the uniform methodology, the allowance made prior to considering the amount of assets available to help meet postsecondary educational costs will change only in relation to the difference between BLS estimates of the moderate income levels required for a particular family type and the average social security benefits then being paid. When the average social security benefit increases at a greater rate than the CPI, the retirement allowance will decrease. On the other hand, when the CPI increases at a greater rate than the average social security benefits then being paid, the allowances will increase.

After provision against net worth has been made for an appropriate retirement allowance the family's remaining assets are considered discretionary.

It is from the discretionary net worth of the family that the additional financial strength generated by assets is measured. The discretionary net worth represents the portion of family net worth above that required to provide a moderate level of retirement income and could be considered available for the family to use in supplementing income at present and into the future.

The purpose of the income supplement is to take account of the contribution that discretionary net worth makes to ability to pay for goods and services out of current income. The percentage of discretionary net worth that is assumed to be converted to an annual supplementary income flow is 12 percent. A uniform conversion ratio was chosen because of its ability to recognize changes in the economy. A single conversion rate has the advantage of understandability, and its rate reflects the current practices in the national services and a close approximation to that used in the Basic Grant Program.

In order to provide equity in those cases where famliy assets are below the uniform methodology allowance levels and Available Income is less than $4,000 (an income level approximating the moderate budget level), the system provides an allowance against income at the rate of 6 percent of the difference between actual net worth and that amount of assets that would be required to provide the appropriate allowance. The rationale for this treatment is if families with assets are "protected" to the extent of their retirement needs, similar families without such assets should have a portion of their income "protected" from contribution toward educational costs in order to provide toward that future need. This methodology is similar in concept to the current IRS regulation which allows for reduction in income for federal income tax purposes if devoted to future retirement needs. The rate of 6 percent was chosen as an appropriate approximation of the annual rate of saving that would be necessary to achieve the necessary additional assets needed given the average age of parents seeking financial assistance for their children.

The final step before determining the amount parents can reasonably be expected to contribute toward meeting educational expenses is to determine the adjusted available income of the family. Adjusted available income is the available income plus the income supplement from discretionary net worth. The adjusted available income reflects the economic strength of the family resulting from a combination of its income and assets. Contribution toward educational expenses is derived from this amount.

Expected Parental Contribution from Adjusted Available Income

Since available income represents the money available for supplementary and discretionary purposes, the question remains: What portion should be expected toward the total postsecondary educational expenses? The existing national services (CSS and ACT) have approached this question by applying progressive tax theory to need analysis. Given the concept of a basic minimum standard, money over this standard can be considered available for a variety of purposes. Economists have demonstrated that as the amount of money available to the family for discretionary purposes increases, the ratio of basic consumption expenditures to total income decreases. Thus, as income increases, a larger percentage of income may be taxed with less effect on the support of the family. The uniform methodology uses the following taxation rate schedule for estimating the ability of the family to contribute toward educational costs:

Adjusted Available Income Taxation Rate Schedule

Adjusted Available Income	Taxation Rates
$(3,200) or less	$ (700)
$(3,200) to $4,000	22%
$ 4,000 to $5,000	$ 880 plus 25% of NAI over $4,000
$ 5,000 to $6,000	$1,130 plus 29% of NAI over $5,000
$ 6,000 to $7,000	$1,420 plus 34% of NAI over $6,000
$ 7,000 to $8,000	$1,760 plus 40% of NAI over $7,000
$ 8,000 or more	$2,160 plus 47% of NAI over $8,000

These rates have been developed to approximate the expected parental contribution used by the national services for the 1974-75 processing year. Adjustments for changes in the cost-of-living will be reflected by changes in the Minimum Standard Allowance generally increasing it to reflect higher expenses. The taxation rates would remain unaffected as they apply to Adjusted Available Income so that any given level of AAI will have the same dollar contribution from year-to-year. Changes in the rates of taxation would only take place when there were fundamental changes in the underlying ability of parents to contribute toward postsecondary educational costs.

Treatment of Multiple Siblings

Basic to any system for measuring parental ability to pay for the costs of attendance at postsecondary educational institutions is the special provision that can or should be made in its procedures for families that have more than one child in simultaneous attendance. An extremely pure ability-to-pay view would call for parental contribution to be independent of the number of children going to college and be determined only by the measure of parental resources. Given recent history such a pure approach is probably difficult to specify and to implement and is not necessarily the most desirable. The concept of equity can accommodate a benefit element: families whose members absorb more of the output of higher education may, with fairness, be expected to contribute more out of a given level of resources. The problem that generally arises is "how much more should they contribute?."

In its report, "New Approaches to Student Financial Aid," the Cartter Panel found that current need analysis procedures gave substantial favoritism to parents with multiple siblings in college and suggested that a reasonable reduction in this favoritism could be achieved. In its final report, the Panel recommended:

> "The Panel therefore recommends that:
> An appropriate technique be devised to provide for some reduction in the contribution when a second or third child is simultaneously in college, without producing the excessive favoritism now shown to parents of children whose college years overlap."

The uniform methodology recognizes that a family with more than one member attending a postsecondary institution should contribute a greater amount from a given stock of resources than a family with only one member in attendance by increasing percentages of the expected parental contribution. This methodology is set forth in the following table:

Number of Post-Secondary Students in Attendance	Contrib. Per Student as a Percent of Standard Contribution	Family Contrib. for All Students as a Perc. of Standard Contribution
1	100%	100%
2	70	140
3	60	180
4 or more	50	200+

Measuring Student Resources for Postsecondary Educational Expenses

The national financial need analysis systems have, from their inception, incorporated the basic principles of self-help. The theme reflected throughout is that ". . . the student has an obligation to assume a responsibility for a portion of the cost of his education. This obligation is reflected through a systematic expectation of contribution from a student's own savings and employment income."

This self-help concept is included in the uniform methodology and the student is expected to make some contribution from summer earnings, previous savings, and such other resources that he might be entitled to such as social security, veterans, and war orphan benefits.

Expectation from Summer Savings

The uniform methodology expects the following standard summer savings expectation from dependent students:

Standard Summer Savings Expectation

Student Status	Expected Contribution
Prefreshman	$500
Presophomore	600
Prejunior	700
Presenior	700

It must be pointed out that the concept of self-help is a philosophical one and that whatever amount is assumed to be made available as student self-help in need analysis procedures serves primarily as a benchmark of what the student's responsibility toward his own education should be. Because of the aid administrator's sensitivity to and knowledge of local conditions, he or she will be better able to judge the opportunity for employment which will vary considerably among geographic regions and even by size of city, and hourly earnings in which significant differences can also be found. In addition, it may be impossible for students to engage in summer employment because of illness, academic scheduling, etc. In such cases the financial aid administrator should be prepared to offer some self-help obligation through current employment or by the use of loans that enable him to meet obligations through future employment.

Student Assets

In the case of a student who may be considered dependent on his parents, the calculation of contribution from student's assets is achieved in the following manner:

Total assets of student
- Indebtedness of student (excluding educational and consumer debts)
= Net Worth
- Emergency allowance ($500 per family member dependent on the student for support other than the applicant)
= Discretionary net worth
x Asset taxation rate of 35 percent
= Contribution from dependent student's assets

Other Student Resources

In the uniform methodology, social security benefits which continue to be paid on behalf of a student, after the age of 18 when enrolled in a postsecondary educational institution, are treated as part of family income or as a student resource depending on the level of family Adjusted Available Income.

It should be noted that from the point of view of the Social Security Administration, the student benefit is not a form of student aid. While the term "student benefit" derives from one of the four conditions for entitlement, full-time school attendance, it does not describe the intent of the program nor the reason for which the benefit is paid. That intent and reason are found in the basic condition for entitlement: The student is a dependent child of a worker whose earnings are lost due to death, disability, or retirement. Lost earnings are replaced by benefits which are paid in portion to the dependent members of the worker's family. The student child is deemed dependent since full-time school attendance is assumed to preclude self-support through employment.

The uniform methodology recognizes that the family expenses such benefits were covering prior to the student's 18th birthday continue while pursuing postsecondary educational opportunities. Where the family income is low, all social security benefits are considered as part of family income in determining the expected parental contribution toward postsecondary educational costs. However, when family income is above the equivalent moderate standard of living, it is assumed that sufficient income is available from resources other than the student's share of social security payments to meet the continuing expenses of the family and that all of the student's share of the social security payment is available to meet the student's expenses while attending a postsecondary institution.

The following table illustrates the allocation of that portion of the social security benefits attributable to the continued dependency of the student, as a portion of family income or as a direct student resource:

Adjusted Available Income	Percentage of Student Benefit Payments Allocated as: Family Resource	Student Resource
Less than $ 400	100%	0%
$ 400 - $ 799	90	10
$ 800 - $1,199	80	20
$1,200 - $1,599	70	30
$1,600 - $1,999	60	40
$2,000 - $2,399	50	50
$2,400 - $2,799	40	60
$2,800 - $3,199	30	70
$3,200 - $3,599	20	80
$3,600 - $3,999	10	90
$4,000 or more	0	100

Veteran and War Orphan Benefits

In the case of benefits provided through Federal and state programs dealing with veterans and their dependents (i.e., vocational rehabilitation, educational benefits for veterans, war orphan benefits, etc.) they are considered to be available for educational expenses at a 100 percent rate. These are specifically student benefits and are made available to meet the specific costs of postsecondary education. Their inclusion as a part of student resources continues to be appropriate.

Measuring Self-Supporting Students' Ability to Pay

In contrast to the detailed methodology and rationale that has evolved over the last 20 years in the measurement of parental ability to pay postsecondary educational costs, the measurement of self-supporting students' ability to pay is of comparatively recent origin. The uniform methodology is based upon the generally accepted principles that are currently being utilized in the national need analysis services. In general, the methodology is concerned with the measurement of total student resources that will be available to meet the educational and living expenses during the period that he is seeking assistance. Since a self-supporting student, by definition, must provide for his own subsistence and other expenses both within and without the academic period, the uniform methodology measures the resources available to the student based upon the estimated income from all sources for the twelve-month period between July 1 of the year immediately preceding the fall term through June 30.

Concept of Available Income

The uniform methodology utilizes the concept of "available income" in its procedures for measuring the resources available to the self-supporting student. Available income, in this case, is defined as that income available to the student for meeting living and educational costs after allowances have been made against the total extimated resources for the following expenses:

1. Federal income and social security taxes to be paid
2. State income tax to be paid
3. Working spouse allowance (if appropriate)

An allowance is made for Federal income and social security taxes because such taxes are mandatory and will vary depending on the amount of income earned and the number of employed persons within the family unit. For estimates of the Federal tax payment, a standard income tax is computed assuming the appropriate standard deduction and number of exemptions in the family unit. The estimated social security taxes are developed by multiplying the applicant's and spouse's (if appropriate) income from wages, salaries and tips by the current FICA tax (5.85 percent) to a maximum allowance of $770 for each working spouse.

In addition to the allowance for Federal taxes, the uniform methodology makes an appropriate allowance for state income taxes for students residing in one of the states assessing such taxes by using the appropriate tax computation schedule and assuming standard deductions.

A working spouse allowance is made in the uniform methodology for those students whose husband or wife is employed or where there is a single parent. This allowance is meant to adjust the total income for the additional expenses incurred by families that do not have the advantage of a nonemployed spouse. This allowance is 50 percent of the spouse's estimated income from wages, salaries and tips, or $1,500, whichever is less.

After these allowances are made, the remaining taxable income is added to the applicant's other nontaxable income, resources and benefits. The total is the Available Income to the student to meet his living and educational expenses in the forthcoming year.

The calculation of the Available Income in the uniform methodology can be illustrated as follows:

  Applicant's estimated wages, salaries, and tips
+ Spouse's estimated wages, salaries and tips
+ Other taxable income

= Total taxable income for computation purposes
- Federal income taxes to be paid
- FICA (social security) taxes to be paid
- State income taxes to be paid (if applicable)
- Working spouse allowance (if applicable)
+ Estimated financial assistance from applicant's parents
+ Estimated financial assistance from spouse's parents
+ Other nontaxable income and benefits

= Available income

Self-Supporting Student's Contribution from Assets

Since assets also contribute to the financial strength of the applicant, it is important to include them in assessing the applicant's ability to pay for postsecondary education. The uniform methodology assumes that students who are self-supporting and who have substantial assets have decided that education is the most important expenditures that they can make; thus, it's reasonable to expect that a significant portion of their assets will be made available to meet educational costs. The uniform methodology expects the single self-supporting student to commit a significant portion of his or her assets to help meet educational and basic living expenses. As students continue beyond undergraduate education and assume family responsibility, it is important to protect a portion of their assets. Therefore, the uniform methodology would expect a decreasing amount from the student's net assets as the applicant's age increases. Likewise, an emergency allowance of $500 per family member is allowed in the uniform methodology for each family member other than the applicant.

In general, the uniform methodology for self-supporting students follows much the same procedure in arriving at the Contribution from Assets as does the uniform methodology for dependent students.

Calculation of this Income Supplement in the uniform methodology can be illustrated as follows:

Home equity
+ Net value of investments and other real estate
+ Total cash, checking, and savings accounts
+ Adjusted net worth of business/farm
- Other debts (excluding education and consumer debts)
= Net worth for computation
- Emergency allowance ($500 per family member other than the applicant)
= Discretionary net worth
x Asset taxation rate:

Age	Rate
25 and under	.35
26 - 30	.30
31 - 35	.25
36 - 39	.20
40 and over	.12 (same as parents)

= Self-supporting student's income supplement

The Income Supplement is then added to the self-supporting student's Available Income to equal the Adjusted Available Income.

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National Budget Standard

Since the Adjusted Available Resources are the total amount of funds that are considered available to the student to meet his living and educational costs during the forthcoming year, it is necessary to provide an estimate of the consumption portion of the student's expenses in order to determine the amount of student resources available to meet the direct educational costs (tuition, fees, books and supplies).

The uniform methodology provides a national budget standard, the Independent Student Allowance (ISA), based upon the 1967 BLS moderate budget level consumption expenditures updated by changes in the CPI and adjusted for age and family size differences. In contrast to the MSA which is based upon the BLS low budget level consumption expenditures, the ISA uses the BLS moderate standard. Since 100 percent of the resources available to the student are considered to be available for the payment of living costs and educational costs, it is important that adequate provision be made for the living cost component. In contrast, parental estimates of ability to pay direct educational costs are some fraction less than 100 percent. Consequently, supplemental funds are available to the family to supplement the Minimum Standard Allowance based upon the BLS low budget estimates.

The ISA represents the basic expenses required by the applicant and/or his or her family for a 12-month period. The 1967 BLS moderate budget consumption expenditures, adjusted for changes in the CPI through December, 1974 and appropriate family characteristics are as follows:

	Three Months	+	Nine Months	=	Twelve Months
Single	$ 970		$2,940		$3,910
Married	1,360		4,120		5,480
Married, 1 child	1,720		5,210		6,930
Married, 2 children	2,000		6,060		8,060
Married, 3 children	2,670		8,080		10,750

The difference between the Independent Student Allowance and the Adjusted Available Income equals the student's contribution available to meet the out-of-pocket direct educational costs for tuition, fees, books and supplies and from which estimates of the applicant's financial need would be uniformly measured.

APPENDIX F

Additional Considerations About the Common Form

The Working Committee on Common Form was charged by the Task Force with the review of various delivery systems for the Student Common Data Form. The main body of the Task Force report summarizes their findings in this regard. This appendix is intended to provide additional detail and background to the recommendations made earlier. It is devoted to 1) a statement of the elements which must be contained or taken account of in any such delivery system; 2) details of the several alternate approaches to a delivery system; and 3) pros and cons of alternate delivery systems.

The implementation of any basically unified or common approach to data gathering will have definite impact on present systems. Currently, the disparate nature of the methods of administration of student aid funds and the varying analyses of student application information contribute to the complexity of the application process. The multiplicity of application forms which must often be filed by the same persons for the purposes of achieving eligibility for, and support from, programs could be replaced by generally simpler and fewer forms. At the present time, there is nothing inherent in the notion of a Common Student Data Form which would invalidate varying methods of assessing financial strength. In an environment where national services are moving towards more common answers, the Student Common Data Form concept is a natural extension. The adoption of a consensus model for needs analysis makes the whole prospect more feasible.

Several questions consistently reappear relevant to the Committee's responsibilities in defining the kinds of systems to be implemented in employing a Student Common Data Form. They are as follows:

1. Can technological neutrality be achieved in the use of a Student Common Data Form? Can a form be developed which can be used by systems employing different methods of data entry (i.e., keypunch and mark-sense)?

2. What approaches to processing of forms are feasible or desirable from the viewpoint of institutions, states, or the Federal government?

3. What are the cost implications of a system incorporating a Student Common Data Form? This issue breaks down into others, including distinction between the cost relative to the program which accrues to an agency, and the price which accrues to students, institutions or agencies. In other words, who pays for processing applications?

4. How are the issues of confidentiality resolved in any particular mode of a Student Common Data Form delivery system; i.e., a multi-agency or a central agency approach or, for that matter, any variety of approaches?

5. What are the conditions for maximizing support for the acceptance and use of a Student Common Data Form?

TECHNOLOGICAL NEUTRALITY

There are no fundamental obstacles to creating a form, or a series of forms, which can satisfy the need for technological neutrality. Financial information forms, currently being submitted by students and families to various agencies and institutions, could be easily adapted to provide information in a form convenient for the purposes of machine-reading or keypunching. Several forms now being used provide both such capabilities. The present technology very adequately permits the development of a Student Common Data Form which can be processed from either mode -- it remains to determine the method by which better coordination can be achieved. This is necessary since students are concerned, as are aid administrators, with getting timely responses to their aid applications.

The degree to which data input is sped to existing processing services is a major concern. The Committee's concern lies in the answer to the question: What are the realistic turn-around times attributable to any delivery system? Furthermore, what trade-offs are involved in achieving technological neutrality? Could one such trade-off include a more complex single filing of information? Students could be required to file three or four or more copies of the same form and forward these to appropriate agencies. Under such a scheme, the student and family need accumulate information once a year, even though they may have to file that information on several copies of the same form.

PROCESSING CONSIDERATIONS

A variety of methods is possible by which student information may be processed in any system employing a Student Common Data Form. One approach would presume the adoption of a multi-agency policy on the part of the Federal government enabling needs analysis services (or other agencies) to generate eligibility indices for the Basic Grant programs. After the adoption of a multi-agency policy, any service could provide needs assessments and indices across a broad range of programs.

While it is also clear that the adoption of a Student Common Data Form by the Basic Grants Program would constitute a substantial revision of Federal policy, there are indications that adaptability by BEOG, for the broader purpose of carrying out the projects of the Task Force, may be both desirable and consistent with the goal of making the process by which students seek financial support less complex. The Student Common Data Form concept attempts to create the possibilities for broad acceptance and use without requiring major or difficult-to-achieve changes.

Another option for the processing of student aid information which has been championed would be the use of agencies as information transmitters. An additional approach which has received some attention would call for the creation of a "super-agency" serving as the single recipient of information, processing and output of eligibility and financial strength indices.

Success hinges on the ability of agencies to accommodate the Student Common Data Form concept while maintaining their unique character. The concept controls the type of data to be entered by the student and calculated for eligibility purposes. But not all administrative changes considered desirable to a delivery system (such as a Federal multi-agency policy) are central to the total success of the Student Common Data Form concept.

Likewise, discussion of a Federal multi-agency policy does not imply a unified needs analysis method, nor does it entail the dissolution of existing methods of assessing financial need. Any reference to processing is limited to the potential role which may be played by agencies in the flow of applications and information to other agencies which perform analyses and issue statements of eligibility and other indices. The Committee is concerned with encouraging modes of administration which best achieve the established goals while holding proper administration as a constant.

COSTS AND PRICE

Without making judgments about the parameters of tolerable cost for evaluating applications, the aggregate costs of administering major programs should be closely examined in order to measure the price to be born by students, institutions or public appropriations. Any system adopted should provide a way to reduce duplication of effort and resulting costs.

One way is through the creation of a system which truly permits the submission of one form per year for each applicant/family.

There is significant appeal to the notion of a system which is cost-free to students and families. It could be possible to realign today's cost structures to allow Federal, state, and institutional programs to subsidize costs for processing student aid applications. This should be possible to accomplish, without destroying the incentives of private enterprise, while eliminating cost duplication.

Other recommendations include direct billing to the Federal government or other governmental agency or institution for applications processed by services and other agencies.

CRITERIA FOR EVALUATING A SPECIFIC DELIVERY SYSTEM

In order for a Student Common Data Form delivery system to be viable and acceptable to a wide range of agencies and institutions, it is the Committee's belief that it must satisfy the following requirements:

1. That its use meets the charge of this Committee by permitting the use of one document per year per applicant and family;
2. That its use function within a system of timely notification to applicants;
3. That its use accommodate a wide variety of programs, in terms of which it is capable of generating indices appropriate to those programs;
4. That its use is cost-effective;
5. That its design provide the option that users, states and institutions receive an original, copy or transcript of the source document;
6. That its use be undertaken only after adequate field-tests have been designed, conducted and evaluated as well as followed in a comprehensive, separate monitoring program;
7. That management services coordinate with administrative services of such a system.

The Working Committee on the Common Form suggests that any delivery system be further evaluated in terms of these four basic criteria:

1. To what extent does the system move us toward the "one-form" objective? It may be necessary to trade-off certain conveniences of one system in order to better achieve the goal outlined here;
2. The feasibility of implementing the particular system which the Committee may recommend and the Task Force may adopt must be considered. There are general concerns as to feasibility (with respect to pure administrative implementation and timing) and with the way any new delivery system will impact upon other systems currently in place. Mere change for the purpose of change, where basic timing and the ability of existing systems to provide evaluations of applications are disrupted, is not progress. It is therefore necessary to carefully measure the way in which a new delivery system brings about change. This greatly influences the acceptability of any proposed delivery system model.

3. Any trading-off of the ability of agencies to provide students, institutions, and other agencies with its output responses in a reasonable timeframe must be avoided.

4. The direct, identifiable and indirect costs which the delivery system entails must be scrutinized. Direct costs alone are not a totally satisfactory measure of the true cost of a delivery system. Indirect as well as social costs must be considered. If the goal of simplification is central to the entire process of delivering student aid, the notion of cost should not limit the Task Force in designing a delivery system.

ELEMENTS OF A DELIVERY SYSTEM

The Working Committee on the Common Form, in order to best evaluate the kinds of systems which may be considered, has outlined fifteen elements which should be a part of any delivery system for student aid. They are as follows:

1. The production and distribution of forms. This means any and all forms which may be used in a system, including internal documents, editing documents, brochures, instructions, applications and output documents;

2. The process of completion and submission of documents by students and families;

3. The receipt of documents which are a) prepared for input, b) edited, c) converted and verified, d) updated by additional information from students, e) amended by supplements. and f) used for the purpose of building records;

4. The computation itself;

5. Production or the creation of output documents;

6. Dissemination or the distribution of analyses and reports of eligibility and financial strength;

7. Revisions and appeals;

8. Data verification;

9. Updating;

10. Access to the information (i.e., a) with the use of an output document and b) without the use of an output document);

11. **The elements of a disbursement system.** (How does the system interface with users?);

12. **Revisions.** (How is incompleteness treated? How is new information provided?);

13. **Building the record for research evaluation and maintenance purposes;**

14. **Maintenance of the system;**

15. **Disposition of the file itself.**

OPTIONS

Option I

This option is predicated on the Task Force's acceptance of the notion of "implantation" of commonly-agreed upon items within the existing systems. This approach has an attractiveness insofar as immediate coordination among differing systems is affected. Option I would not basically alter the situation where multiple forms exist, since agencies, states, institutions and others would merely employ their own applications as separate versions of a Student Common Data Form.

Once common items, common definitions and a Student Common Data Form are adopted in different forms by agencies, services, programs, and institutions, a first-level short-range goal towards attainment of a single form is satisfied. However, this is only a partial attainment of Task Force goals since this option -- i.e., to "implant" fundamental data requirements into existing application or needs analysis documents -- falls far short of the "one filing" characteristic of the intended goal. This first option guarantees the continued existence of many forms thereby obviating the possibility of one filing. This option thus has only very short-range acceptability.

Relatively minimal changes would be required to implement Option I. Although the adoption of a Common Student Data Form will require accommodations by programs and services, the adoption of Option I is automatic by reason of existing recommendations and findings of the Committee on the Common Form and the Committee on Need Analysis. The adoption of Option I as an interim system has already been affirmed by the October action of the Task Force.

Likewise, no remarkable issues for implementation seem to exist beyond the obvious adjustments necessary where alterations are made in any system's method of gathering data (including generating and distributing new forms, changing editing routines, developing instructions and the like). This is not to minimize the substantial efforts necessary to bring about change but we must emphasize that the administrative abilities and the coordinate technology exist to accomplish these very modest, short-range ends.

This option is superfluous to recommend. From the point-of-view of cost, the use of relatively similar (but separate) documents by many different agencies may far exceed the costs applicable to a unified application system where the advantages of single format and volume purchasing could lower the production and distribution costs.

Characteristics:

- Use of common items, definitions in separate versions of a common form
- Separate BEOG delivery system
- One agency processing BEOG's

Contribution toward goal:

- Short-range contribution already established ("implantation") but only as a temporary step for 1975-76

Changes necessary to make Option feasible:

- Adoption of common items, definitions, but not necessarily the consensus model

Technical feasibility coordination and timing:

- Coordinate timing not necessary, but desirable
- Technically possible

Cost:

- Expected to be minimal

On a scale of 1 to 5 (-) (+):

Option I

	1	2	3	4	5
1. Contribution toward goal		x			
2. Changes/feasibility					x
3. Technical feasibility					x
4. Cost implications			x		

Since its contribution towards the Task Force goal is minimal and short-run, Option I is not highly rated. Its high rating with respect to categories 2 and 3 relate to the fact that little has to change to implement Option I. It does not rate highest on the cost scale since its continued existence presupposes suplicative functions in printing, forms distribution, etc.

Options II and III

Option II presupposes the use, by agencies, states, the Federal government and institutions of the Student Common Data Form, a single application format in modes compatible for use by different processors. With the adoption of the Form, an instrument is available which can be utilized in all programs and the preparation of which, by the student and his or her family, requires one gathering of information for filing regardless of the number of agencies which will process the information. In fact, the Student Common Data Form will be designed in such a way that, for programs requiring fewer data items than the Form accommodates, color-coding or selective carbonizing of forms would provide programs with all necessary data without excess items, the gathering of which might be in conflict with specific program requirements.

To the extent that this or any other delivery option incorporates agreement among agencies, services and others to utilize the same form, the fundamental goal of requiring only one application per year per applicant is advanced. There is nothing inherent in Option II which would basically alter the system's integrity and the separate structure of programs. If an intermediate goal of the Task Force is to guarantee that the student need "accumulate" the necessary data only once, the use of a multiple copy Student Common Data Form, which can be directed by the student to different processors, could easily satisfy such a goal. Option II makes this readily possible.

Option II requires total consolidation and agreement on a consensus model and identification of elements necessary for determining eligibility, but does not require uniform timing and coordination among programs. Yet, the adoption of Option II brings the application process closer to that goal. The implementation of Option II should include the adoption of uniform institutional codes by national services and agencies. The feasibility of implementing Option II is substantial. Agreement on the consensus model and the Student Common Data Form would guarantee the possibility for implementing Option II just beyond the current processing year.

The anticipated cost implications of implementing Option II are presumed to be minimal. It is expected that agreement on uniform codes and instructions together with cooperative printing and distribution of forms would serve to lower costs. Option II is recommended as a medium-range objective for the 1976-77 academic year.

Option III is a counterpart to this delivery system where the Basic Grants delivery system ceases to exist by reason of the adoption of a BEOG multi-agency processing policy. The major implications for the distinction between this counterpart and Option II is the necessity in the latter of there being a separate output document, whereas under a non-BEOG delivery system an output document for the grant could be incorporated into results for all other programs.

The feasibility of a multi-agency BEOG policy may become of a higher order with the adoption of a single national standard of family financial strength and consensus on the components necessary and sufficient to conduct a needs analysis for any and all programs. However, it is not vital to adopt in order to achieve a viable Student Common Data Form system.

The introduction of a possible multi-agency processing policy for the Basic Grant Program poses some serious problems. In the first place, Federal procedures for forms clearance represent a substantial problem in any option. Secondly, the matters of follow-up by the agency and responses to inquiries are made more difficult where two or more processors are involved. The identification of potential processors and their designation is a monumental issue under Federal contract provisions. How many processors would be allowed to participate? How would the cost related to exclusively BEOG processing be separated from other needs analysis processing costs? The wealth of problems associated with this approach prevent our recommending implementation of Option III.

Characteristics:

- Use of a single CSDF; consensus model

Contribution toward goal:

- Closer to Task Force Goals

- Medium-range possibility for implementation with respect to aid applications for the 1976-77 academic year

Changes necessary to make Option feasible:

- Adoption of a common form, consensus model, common edit procedures

- Adoption of uniform codes

- Consolidated approaches to the printing of forms

- Agreements on coordinated distribution

- Although a multi-agency policy is a recommended aspect, this Option can still be affected even if a single agency policy is in effect since BEOG application items alone can be identified for filing purposes

Technical feasibility, coordination and timing:

- Possible even in the absence of total program coordination and timing
- However, adoption of Option III makes efforts at coordination and timing more likely and feasible. To run an Option III program one cannot forgo improvements in coordination and timing
- Longer-term feasibility will depend upon a broad, well-designed and monitored field-test program

Cost:

- Anticipated minimal cost impact
- Taken together with a recommendation for joint contracts for document printing and protocols on distribution there may be substantial cost savings under Option III

On a scale of 1 to 5 (-) (+):

Option III

	1	2	3	4	5
1. Contribution toward goal					x
2. Changes/feasibility				x	
3. Technical feasibility				x	
4. Cost implications				x	

Option IV

Option IV is characterized by a system whereby agencies serve as transmitters of information or applications to other agencies. Under Option IV a system would be created wherein students forward applications to a specified agency (such as his or her state agency) for distribution to processors, or for processing directly by that agency.

This option comes closer to one Task Force goal by reason of a structure which calls for each existing agency or service in receipt of a completed Student Common Data Form to send duplicates of the application material to other processors. For example, a Student Common Data Form, submitted on a multi-copy form to a state agency would be sent to another agency which may be responsible for processing applications for the college or university the student plans to attend. Likewise, a national service could transmit duplicate information to other processors (BEOG, for example, might forward copies of material filed to a state program). In no instance, as here described, does the recipient agency prepare or otherwise edit data for another processor. The strength to be gained by this approach is in the use of one multi-copy Student Common Data Form which is filed by the applicant so that both keypunch and mark-sense technologies are accommodated.

This assumes that 1) such a form is readily created or desirable and 2) that all agencies want and will accept identical data. This is not clearly the case when one considers the current differences between the desired data volume of the BEOG program and most other formats which have been examined.

What is needed to implement Option IV is agreement on one version of the Student Common Data Form, a high level of coordination among programs especially with respect to timing, and full awareness of the lags in receipt transmission and processing of data which can result from this method.

The difficulty in conceiving implementation of this option is mainly due to coordination and timing problems. This option can only be effectively undertaken in the presence of a very complex system of cross-communications; and it would nonetheless be prone to processing, mailing, deadline failures and other delays.

Option IV has some attractive features, especially its potential for the literal achievement of Task Force goals. Therefore, it is an option worth examining in the long-range perspective (i.e., five or more years beyond this time).

Costs are likely to increase substantially under Option IV, since in order for a student to be able to file just one form, it must be acceptable for either keypunch or mark-sense data entry. Therefore, the recipient agency must be prepared to make copies or to break down copysets, "go home" to students who have not filed sufficient original copies of mark-sense versions, etc. Also, the type of form conducive to this kind of processing is simply more expensive to print than ones currently in use.

Characteristics:

- Use of Student Common Data Form
- Further potential for multi-processing of BEOG
- Perhaps one form, one version (including "mark-sense")
- Student submits one form(s) to one location

Contribution toward goal:

- Meets a strict interpretation of the goal
- Longer-range possibilities due to many problems of implementation

Changes necessary to make Option feasible:

Technical feasibility, and coordination and timing:

- Same as Option III except that for this Option to work effectively, the system must be able to avoid lagtime, and program coordination and timing must be of a degree not yet realistically possible

Cost:

- Likely to increase

On a scale of 1 to 5 (-) (+):

Option IV

	1	2	3	4	5
1. Contribution toward goal					x
2. Changes/feasibility			x		
3. Technical feasibility		x			
4. Cost implications		x			

Option V

This option presupposes a "super-agency" as the single central processor, responsible for all input, processing and output activities. While this approach clearly reinforces the one form goal (no copies necessary) it falls farthest from the realm of possibility because its implementation depends upon a degree of coordination and timing among and between programs which is unrealistic in the forseeable future. Furthermore the Task Force does not wish to encourage the use of any option which might, in the curtailment of the roles of existing services, correspondingly reduce the quantity and scope of their overall services to educational institutions. These include training, information and other services.

Characteristics:

- Use of a Student Common Data Form
- One agency as the total delivery system
- One form, one filing, one copy

Contribution toward goal:

- Meets goal, except that of maintaining the integrity of services
- Long-range potential

Changes necessary to make Option feasible:

- Agency willingness to concentrate on services peripheral to but not including need analysis

Technical feasibility, and coordination and timing:

- Not realistic in any forseeable timeframe

Cost:

- Could be higher due to the possible establishment of a whole new organizational structure

On a scale of 1 to 5 (-) (+):

Option V

	1	2	3	4	5
1. Contribution toward goal			x		
2. Changes/feasibility	x				
3. Technical feasibility	x				
4. Cost implications		x			

ATTACHMENT C

The Brookings Institution

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Economic Studies Program

May 2, 1975

Douglas R. Dickson, Registrar
University of Pennsylvania
221 Franklin Bldg.
Philadelphia, Pa. 19174

Dear Mr. Dickson:

Thank you for giving me an opportunity to review the proposed standards for the Uniform Methodology for Measuring Parental Ability to Pay prepared for the National Task Force on Student Aid Problems. My detailed views, which I expressed orally at our meeting in Washington on May 1 are attached.

On a general plane, I do not think that the question "what should parents be expected to contribute to a child's education"? is any more answerable than the question "how much should parents of college-aged children be allowed to spend on automobiles"? (Indeed the two questions are the same when "automobiles" are broadened to all non-education spending). The Task Force has wisely chosen to justify its particular rate schedule for parental contributions by pointing to its "acceptability"and noting that acceptability is largely a function of recent historical practice. I have no quarrel with this rationale when it is understood that the clientele whose acceptance is stipulated is the "average" student-aid officer and parent. However, there are now other players in the game as well--federal and state education finance policymakers, to be specific--and the acceptability of the Task Force methodology by this group may not be so widespread. If that should be the case, my advice would be to gain the broadest possible acceptance of the "adjusted available income" measure and make it clear that different users could apply different rates to that index of paying ability. The methodology for the adjusted available income measure, with some reservations noted below, seems to me to be a reasonable one in grouping together families of similar abilities-to-pay.

I hope the Task Force will recommend, for the future, that serious consideration be given to dropping all assets contributions from the parental contribution procedures. The asset contribution adds complexity, is based on dubious values (why tax the provident?), encourages cheating in exchange for very little gain as best I can tell.

Good luck with your meetings.

Sincerely,

Robert W. Hartman

Enclosure

Notes on Bowman April 1975

UNIFORM METHODOLOGY DRAFT

pp. 3-4. I don't see why state and local taxes should be scaled to income. They represent choices about public consumption made in the political process and I don't see anymore reason for subtracting them than subtracting say, personal travel expenses. Instead, you could allow an amount for state and local taxes based on the BLS low-budget estimate for this item, allowing the allowance (sorry about that) to vary by family size only. If you insist on sticking with the percentages, the table at bottom of p. 4 should be modified to take into account non-itemizers whose payments are probably lower. The stuff at the top of p. 4 referring to economic studies may not be right and is unnecessary anyway.

p. 7 ambiguity in the clause "except the student"

p. 8 label "family size, including applicant"

p. 11 the lump-sum costs of annuities are too high to meet the standard given in the paragraph. You should note that the gap between moderate standard and average social security may change in the future, although the more I think about it the less I'm sure which way the change will be!

p. 12 The 12 percent conversion can best be justified as broadly consistent with current practice, including BOG, rather than as reflecting anything about inflation.

At bottom of page the rationale would be better understood if you stated that families whose available incomes are below the moderate standard would be eligible for negative asset allowances.

p. 14 middle, "real contributions" will move with real income only if the tax brackets are also adjusted for inflation. Forget it!

On table: I think it is important so that the public not be unduly frightened by this stuff that you add a column showing "typical gross income" for each of the AAI classes.

Comparison tables: should show total family contribution (including student contribution) so that comparison with BOG's is more realistic.

A REVIEW OF THE UNIFORM METHODOLOGY FOR DETERMINING STUDENT FINANCIAL NEED

Douglas M. Windham
University of Chicago

The requested review of James Bowman's paper "A Uniform Methodology for Measuring Parental Ability to Pay: A Proposed National Standard for 1975-76," concerned the specifics of the proposed methodology only. The larger questions of the systems basic assumptions and the implementation of loan versus grant programs to meet determined need were not considered within the review.

The initial two pages suffer from an excess of absolutes - "cannot", "true" financial strength, "most comprehensive index" - which are simply errors in fact. If the paper is to be other than a sales presentation, greater care should be used to present the arguments objectively. There are, in fact, good reasons for all of the decisions made in the paper but the attempt to suggest that other views may not be equally strong is distasteful.

The following are the main points for which changes in content or presentation are suggested.

(1) Allowance for State and Local Taxes

It seemed to be the consensus of the review panel that the allowance for state and local taxes be determined by the proportion of the minimum standard budget used for such purposes with adjustment for family size. The present calculation seems excessively generous given that in a Tiebout model of location theory one chooses to live in a relatively high tax area in the expectation of a relatively higher quality or quantity of public services.

(2) Allowance for "Unusual Expenses"

The use of medical and dental expenses and casualty-theft losses as deductions only to the extent they are allowable for federal income tax purposes is a great improvement. The new procedure should increase user-comprehension of this deduction as well as equity in its application.

(3) Allowance for "Housekeeping Purposes"

The decision to include this allowance is based upon the fact that the income derived from the employment of a second parent is not fully available to the family in that employment brings additional expenses. However, there are several troublesome concerns here. First, the use of $1500 seems excessively high and is more generous than the similar allowance under the federal income tax. Second, to the extent that two parent employment is voluntary the special treatment may violate the oft-stated tenet that family choices will not be given consideration. Finally, the phrase that certain families "do not have the advantage of a nonemployed parent" is correct but unsettling given that so many students may have the "advantage" of two nonemployed parents.

The extension of the allowance to single working parent families appears fully justified.

(4) The Minimum Standard Allowance

The use of the minimum rather than moderate standard is a very appropriate decision in the attempt to specify that part of a family's income over which they have discretionary control. The inclusion of all dependents rather than just children is a subsidy of the extended family but one which is not likely to elicit any criticism. The subsidy of large families is an item I find distasteful and inappropriate in this context but, as this is obviously a minority view, I will not elaborate on it at this time.

(5) Asset Treatment

I have dealt with this topic in detail in my paper "The Treatment of Family Assets in the Need Assessment Process: An Analysis of Alternatives," and I have little new to add at this time. The present proposal represents a continued inequity in that farm/business assets and human capital assets are taxed less than are other assets. The failure of the advocates of the PVR approach to explain their methodology to the financial aid community has made it impossible to incorporate a human capital component except to the extent that present earnings reflect it (which it will not do fully at younger ages).

The special treatment of business/farm net worth is unjustified and casts serious doubt upon the ability of a private aid system to develop an equitable treatment of economically different individuals.

(6) Retirement Allowance

As discussed at the meeting of the panel of economists, the amounts given for the retirement allowance are not at all in line with the justification of supplementing social security up to the moderate retirement standard. Since there is some question already as to the use of a moderate retirement standard after earlier use of the minimum standard budget, great care should be used in justifying the even more generous treatment indicated by the table of retirement allowances.

(7) Conversion of Discretionary Net Worth

There is, I believe, some justification for the use of the flat 12 percent conversion ratio but it is not to be found in the discussion of expected inflation rates! Also, the $4,000 standard for negative income supplements from assets should be indexed to inflation in some way to avoid the need for continual rewriting of the text. A simple technique is to use the moderate income standard for the appropriate family size.

(8) Taxing Rates

Although it seems to distress some people, the fact remains as stated at the panel meeting that rates are inherently arbitrary. The rates as given or as adjusted from suggestions to make them more regressive are as easy to defend as they are to attack. The only test of taxing rates is their acceptability to the government, financial aid community, and parents.

The last sentence in this section (beginning "The taxation rates would...) is incorrect unless the tax brackets are indexed to CPI or some other standard.

(9) Treatment of Multiple Siblings

I happen to be an advocate of what James Bowman calls an "extremely pure" ability-to-pay view. If a special allowance is to be made for having more than one child in simultaneous postsecondary attendance (remembering that the budget standard already gave consideration to family size), parental contributions should be offset by loans only and not by grants.

(10) Expectation from Summer Savings

The suggestion was made to state expected summer savings as a certain number of hours worked times the minimum wage. This seems unnecessarily cumbersome to me since a simple indexing of our present values (as justified by a calculation such as the above) would achieve the same end.

STATEMENT BY

The Honorable Edward W. Brooke
United States Senator from Massachusetts

Before the
Subcommittee on Education

of the

United States Senate

July 1975

Mr. Chairman and Distinguished Members of the Committee:

I would like to submit several recommendations for your consideration as your attention is directed toward the re-enactment of Title IV-D of the Higher Education Act of 1965 as amended. As you know, Title IV is the student assistance portion of the Act and Part D is concerned with the Cooperative Education Program.

In addition to my own deep concern for the future direction of higher education, I have a particular interest in this legislation because the largest and most successful cooperative education program in this nation is located in my state of Massachusetts at Northeastern University in Boston. Therefore, I have personal knowledge of its tremendous worth to students, the community, and the nation.

Northeastern University has flourished and developed as a community service institution in the heart of the City of Boston, offering the cooperative program, which alternates periods of full-time employment with periods of full-time study, since 1909 to all students. Northeastern has educated the sons and daughters of the working class families in the area and has given to many the opportunity for upward social and economic mobility. In addition, it has served the needs of the employing community through the preparation of these young people for various careers.

Currently there are nearly 9,000 upperclass students at Northeastern in 40 different disciplines actively engaged in this alternation of work and study. They are currently earning $28,000,000 in taxable income each year to help pay for their education and to lend financial support to their families. It is the purpose of Title IV-D to make seed money available to other colleges and universities so that they may emulate the example of Northeastern and enable many more students the opportunity of a college education.

As a result of my knowledge of Northeastern and other schools having a cooperative education program, I would like to share the following points with my colleagues and also to make a number of recommendations:

1. As a result of the Federal government's past commitment to cooperative education, there are now approximately 900 colleges, universities, and community colleges offering or planning to offer a cooperative education curriculum. The demonstrable value of college work-study cooperative education has prompted more and more institutions of higher learning to seek Federal funding under Title IV-D of the Higher Education Act for the purpose of starting cooperative programs or to strengthen existing programs. My information is that requests from 770 colleges and universities aggregating $33,000,000 were presented to the Office of Education for current funding, and these could hardly be satisfied by the existing authorization of $10,750,000.

2. Educators throughout the country believe that this form of higher education is particularly relevant to solving both the financial and substantive crises in higher education. They want to adopt cooperative education because:

    - -- it makes possible, without additional new investment, multiple uses of their capital facilities;
    - -- it makes possible a stronger base of tuition support since students in such programs earn money during their work periods, often sufficient enough to meet full tuition requirements; and,
    - -- it affirms by demonstration that young people have a place in the system since the program provides them with actual work-for-wages in real life situations.

    The evidence is quite clear and substantial that students in cooperativeprograms, through their actual work experiences, know that their career expectations are fulfillable. Young Americans need more of this kind of faith in the future, and certainly more fidelity to our economic system if that system is to be reinforced and maintained.

3. There is tremendous enthusiasm for cooperative education in American families. As evidence of this, the National Commission for Cooperative Education, based at Northeastern University, receives 30,000 inquiries annually from parents

seeking information as to how and where their sons and daughters can enroll in college work-study cooperative programs.

4. Despite the high level of unemployment in the United States, trade union leaders fully support the expansion of cooperative education. They see the pragmatic content as a good form of education. More importantly, they see cooperative education as the means through which the sons and daughters of union members can go forward in higher education. Their attitude has been expressed by Mr. I.W. Abel of the United Steelworkers of America and Mr. Carroll Hutton, Director of Education for the United Auto Workers.
5. Disadvantaged families, particularly among minorities, need cooperative education for their families. It is the only way our poor youth can go to college and earn money to help pay the cost of their education without placing a strain on the family income. It is important to know, and this is said in no way derogatorily, that families on the poverty level must place a higher value on work than learning, and when their children can both work for money and learn at the same time, parental opposition to going to college diminishes
6. President Ford, Commissioner Bell, and other spokesmen of the Administration have been calling upon the leaders of education, labor, and industry to form a partnership to

bring about a rededication to our inherited work ethic. In his Ohio State speech of August 30, 1974, the President called upon these leaders to include a work content in the total educational process. From countless personal experiences, it is evident that the President was in fact echoing, or at least responding to, a general attitude throughout the country. Significantly, the assumption has become widespread that the government has fully endorsed cooperative education, wants it generally adopted, and will aid its growth. It should be noted that the college cooperative model is the means through which the partnership of academia, labor, and industry is already a working partnership.

7. As a result of the above mentioned conditions, we now have a large number of new requirements, such as:

    -- college administrators must be helped to implement the change over from the inherited traditional form of education to the work-study cooperative model;

    -- college coordinators -- the professionals responsible for the job placement of students -- must be trained and taught "how-to-do-it."

    -- high school guidance counselors must be educated so they can direct graduating students into cooperative education programs; and,

-- regional activities must be formally set up to create a greater participation on the private sector in the cooperative college program. One objective to be met is the creation of regional "job banks" for college students.

To accomplish the necessary and appropriate expansion of this desirable educational program, I recommend an increase in the maximum authorization for cooperative education.

Cooperative education recently and suddenly has found its time and moved out from a state of partial limbo into a major role on the national educational scene.

The former president of General Motors, Mr. Edward N. Cole, who himself is a product of the cooperative education program at the General Motors Institute, presented a powerful and imaginative statement of recommendations for Congressional action to make greater use of cooperative education possibilities. Mr. Cole noted that:

> Cooperative education is responsible. It is accountable. Its performance has facilitated rather than impeded educational purposes. Clearly on the basis of what it already has contributed and achieved in the field of higher education, cooperative education is one of the best bargains in return for money spent. It is ready and capable of a new era of expansion and service to the Nation.

With the purpose of strengthening this legislation, testimony has been secured from individuals with widely diverse backgrounds. Official representatives from business and labor, from the U.S. Chamber of Commerce and the AFL-CIO have all recommended and urged development of cooperative education.

Mr. Richard Holden, Director of the Division of Training and Facilities, of the U.S. Office of Education summed up OE's position as follows:

> It may well be that cooperative education offers more return on the investment than any other educational program. It could well be the major breakthrough of the 1970's for students, for faculty involvement, and for employers.

Part of the money requested in this legislation is earmarked for research and training. I recommend that the maximum authorization for these items also be increased.

The rapid expansion of cooperative education has created a very large demand for coordinators to staff the new programs. It is apparent that many of those taking these positions are without the background and training to administer a cooperative education program. Attention needs to be given to the Office of Education's role in assuring more effective and sophisticated training programs and workshops for coordinators. There is also a requirement for improving the professionalism of present coordinators by increasing efforts to have workshops and forums which improve the skills of coordinators in the field.

The present funding of $750,000 is inadequate. This year's demand exceeded $3,000,000 for training of coordinators and for basic research in the field. In order to improve cooperative education programs and to provide the informational programs necessary to reach high school counselors, students, parents, and employers, more effort must be expended.

I also recommend that the maximum authorization for a grant to an individual institution or an institution participating in a consortium arrangement must be increased.

The original limitation of $75,000 per institution was developed on cost figures determined in 1965. The problems of inflation over the past ten years has certainly eroded these data. In addition, one of the problems in the administration of the current legislation has been created by the tendency of the U.S. Office of Education to give many small grants to a large number of institutions. In some cases this has not allowed a sufficient impact to be generated on the curriculum at any one institution. If we are to produce more institutions with cooperative education programs, then larger grants must be made. However, each recipient must demonstrate a serious commitment to the development of a significant cooperative program.

Consortium arrangements for the mutual development of cooperative programs have been very successful over the past ten years. This type of arrangement, where feasible, should be encouraged. The needs of an institution in a consortium are neither greater nor lesser than those of an individual institution applying on its own for federal funds, and therefore, the authorized amount should be the same.

I am pleased to have had this opportunity to present to you my thoughts on Title IV-D. If you have any specific questions, I would be glad to have one of my colleagues provide the additional information you need.

STATEMENT
ON
COOPERATIVE EDUCATION

BY

VANCE HARTKE

UNITED STATES SENATOR

August 6, 1975

For years I have maintained an abiding interest in Cooperative Education. My compulsions on this subject will become very obvious in this presentation; you have heard these words and these ideas from me many times before in different contexts. My only explanation is this: when problems persist, the words and ideas about them tend to hang around.

At any rate, I have been in the business of promoting Cooperative Education for a good long time -- as a matter of fact, ever since I had to "hassle" my way through a university education and my preparation for the noble discipline of the law.

In pursuit of this interest, I introduced a bill on May 10, 1967, "to provide increased opportunities for students in higher education for off-campus employment by establishing programs of work-study cooperative education". [S. 1736, 90th Congress, 1st Session.] The bill authorized money to be spent "for the purpose of stimulating and promoting work-study cooperative education programs at institutions of higher education.." to establish and maintain academic courses of study that would "... alternate academic study with full-time on-the-job employment in which all compensation is paid by employers in business, industry, the professions, government, or service-type work situations." The bill included provisions and authorizations for "... the initial research and study required to determine whether it would be feasible to establish such a program " at any given institution of higher education; for the actual operation of a work-study cooperative education program after proper criteria and application procedures had been met; for adequate reporting and accounting methods as well as for adequate supervision and consultation under the Commissioner of Education in the office of Education.

To insure substantial leadership and to provide the necessary guidance for such programs the bill authorized the Commissioner "..to make grants to institutions of higher education and other public or non-profit private agancies or institutions, for the training of persons capable of establishing, administering, and coordinating work-study cooperative education programs."

I followed that on April 23, 1968 with the introduction of similar provisions "... to amend the Higher Education Act of 1965, the National Defense Education Act of 1958, the National Vocational Student Insurance Act of 1965, the Higher Education Facilities Act of 1963, and related Acts." [S. 3098, 90th Congress, 2nd Session]

The far-reaching rubrics of these two bills expressed my continuing enthusiasm for Cooperative Education. My enthusiasm has been vindicated by the phenomenal growth of Cooperative Education in the United States.

Cooperative Education has been adopted by about 800 institutions of higher learning in all of our fifty states. Without question, it is estimated there will be 500,000 to one million students in college work-study cooperative education programs throughout the country.

A very significant aspect of my rationale for advocating Cooperative Education lies in its relationship to my views on rational manpower policy. My views on national manpower, in turn, relate in the main to full employment. As my stand on cooperative work-study education program indicates, I intend in the formulation of my legislative policy for the future, however gradually and slowly because of circumstances beyond my control, to construct strategies and methodologies which lead to full employment -- a job for every able-bodied person who needs work, and wants work.

My strategy for full employment and for cooperative education rests on a basic point of view. I am of the opinion that the will or the impulse to work, to build, to do, to be active is inherent in the human spirit; any society which denies its people the opportunity to pursue this impulse violates an ingrained need at its own peril. Colleges and universities that capitalize on this principle will send out students with positive notions about life and about their economic roles in our American society. In my estimation, all education ought to be built on this idea.

But, that is the point: our society in one way or another has denied many persons access to higher education and has, therefore, denied to them meaningful economic roles. The failure to provide the skills necessary for meaningful employment to minorities, to university and college "drop-outs", and to all alienated young people exacts such incalcuable costs that the burden must finally become too heavy for a democratic society to bear.

To state it positively: there is perhaps no way that I can assess for you in human terms, in society's terms or in dollars and cents the contributions cooperative education can make towards alleviating this dilemma But the evidence is here: cooperative education programs have opened the doors of education to many persons previously denied by providing them with jobs that will pay their way at school, at the same time giving them employment experience related to their academic studies and the personal perspective they have chosen for themselves.

According to many advocates of Cooperative Education, these strategies and methodologies suit business and are good for business. For example, in the opinion of John R. Benbow (PResident of the Indiana National Bank, Indianapolis, Indiana),

> Cooperative Education "... allows students to experience productive work in paying jobs which bring them face-to-face with practical day-to-day problems--the same kinds of problems they will face when they leave college and enter the real world.
>
> "That experience can be priceless in terms of learning about human interactions and grasping some of the complexities of the customer - business relationship and the business-government relationships. The reinforcement of classroom theory with practical experience is an extension of an old Chinese proverb: " I hear, I forget. I see, I remember. I do, I understand."

Mr. Benbow is implying, and quite aptly, that Cooperative Education has something to offer to business.

As I have already suggested, I think that our institutions of higher education are in a crucial position to do something about these manpower matters in a highly competent manner. COnversely, permit me to be so bold as to suggest that cooperative education programs are in a crucial position to do something about education on college and university campuses.

Currently our institutions of higher education (as is the case with manpower policy) have problems of their own. Apparently a great number of our people cannot adequately answer the question, "Why am I going to college?" When that question is not answered or is unsatisfactorily answered, students properly conclude that our system does not work for them. Without this motivation, they fail at school in very large numbers; they drop out; they protest; or they are thrown out. Of all the examples of human and social waste to which we can point, none is more disheartening and costly than the attrition rate of students who enter our conventional educational institutions. One recent report of the United States Office of Education stated that less than half of the students entering college each year will complete two years of study, and only about one-third will complete a four-year course of study.

What is missing that so many students abort their education? The conclusion of the office of Education report is that most college students lack the experience and sense of adult roles that would help them see how courses can be relevant. But the expert observes that the ability to make career choices improves with off-campus experience. Briefly, a relevant and meaningful education must be conducted in a reality context.

I will affirm with most American citizens that our institutions of higher education have in the past built some substantial bridges from which thousands and thousands of students have taken their places in American society. But these bridges will not stand forever. New days demand new dreams. In my opinion, COoperative Education is a large part of the creative vision for the future. The future of higher education, in part at least, rests in these words from another :

advocate of Cooperative Education:

> "... cooperative education is based on the principle that well-educated individuals can be developed most effectively through an educational pattern which, at periodic intervals dips them into the reality of the world beyond the campus... Cooperative Education unites jobs and learning and creates highly motivated students." [Roy L. Woodridge, Vice President for Cooperative Education, Northeastern University, Boston, Massachusetts.]

I am also mindful that Cooperative Education programs can be of great financial benefit to participating colleges and universities. I am bothered, as all of you are, by reports of increases in tuition costs, cutbacks in educational services, menacing financial difficulties. When I read that a college of engineering or a college of pharmacy has been shut down for want of money, I consider it a national tragedy.

Our Cooperative Programs will aid institutions of higher learning maintain their financial solvency. Permit me to list some basic propositions about Cooperative Education, partly by way of summary and recapitulation.

I. The federal legislation which created cooperative education provided a method by which three major American institutions---- government, the economic system, and higher education--could cooperate on matters important to the nation.

II. An education conducted in a reality context alerts students and makes them responsive to their own needs and the needs of society and their local communities.

III. Cooperative Education highlights for the students the necessity for performance skills, the means-ends schemes to get things done, as well as the cognitive, affective, attitudinal, and social skills necessary to cope with whatever the Muse of History casts up on the shores of their lives.

IV. The program helps to pay students' way through school with jobs that are relevant to their life and academic discipline. In very many ways, this component pushes society towards structural full employment. The doors have been opened to the disadvantaged.

V. The Cooperative Education program, initiated in the latter part of the 1960's, has stood the test of time. It will lead education to the future.

VI. The Cooperative Education program has been good for business, for education, for the economic system, and for government.

All this points up my desire to underscore and emphasize some basic recommendations suggested very strongly by my co-advocates of Cooperative Education.

I. I believe that parallel programs should be authorized by legislation in additon to the alternate programs now in operation.

II. I believe in granting the program flexibility to safeguard the philosophical orientations of the colleges and universities involved.

III. I believe that grants should be authorized for five years rather than three years as currently provided.

IV. I believe that $150,000 should become the maximum grant to a participating institution rather than the current $75,

V. I believe in the recommendations for authorized funding under Section 451 (a) and (b), under Part D of Title IV of the Higher Education Act of 1965, as suggested by the COoperative Education Association, the Cooperative Education Division of the American Society for Engineering Education, and the National Commission for Cooperative Education. Accordingly, I would like legislative measures that push towards twenty-five million dollars for planning, establishing, and expansion; and three million dollars for training, demonstrations, and research-- that is, a total authorization of twenty-eight million dollars.

VI. Moreover, I believe some tax benefits should go along with the operations of Cooperative Education. For example, I have introduced legislation to provide a refundable tax credit for post-secondary education for tutition and fees paid to colleges and universities. I believe we should weigh seriously the possibility of granting employers a tax credit on wages paid to cooperative education students for on-the-job educational experience.

Finally, I believe that the Cooperative Education program is one key to the future development of a more self-fulfilling and socially valuable university experience.

STATEMENT ON COOPERATIVE EDUCATION

By
Roy L. Wooldridge, Vice President for Cooperative Education
Northeastern University, Boston, Massachusetts
Before the
Senate Subcommittee on Education
July, 1975

I am Roy L. Wooldridge, Vice President for Cooperative Education at Northeastern University in Boston, Massachusetts where 14,000 students are enrolled in cooperative education programs. I am also Executive Director of the National Commission for Cooperative Education which is a nonprofit organization which seeks to promote cooperative education with corporate and industrial leaders. It is a privilege to have been asked to express my views on cooperative education, which are based on 25 years of experiece, and in so doing to urge your continued support of a Federal program to assist in the future development of this system of education.

The cooperative plan of education is a distinctly American philosophy of higher education. It includes all of the academic requirements of the traditional type of higher education, plus learning while doing, and applying what is being studied while a student.

Cooperative education is defined as a unique plan of educational enrichment designed to enhance self-realization and direction by integrating classroom study with planned and supervised experience in educational, vocational, or cultural learning situations outside of the formal classroom environment. Simply stated, cooperative education is based on the principle that well-educated individuals can be developed most effectively through an educational pattern which, at periodic intervals, dips them into the reality of the world beyond the boundaries of the campus. Through these controlled and structured experiences, the students bring an enrichment to the classroom which enchances their total development. The essential ingredients are that the experiential phase is considered a degree requirement and that the institution assumes the responsibility for integrating it into the educational process.

It is called "cooperative education" because it is dependent upon the cooperation of the outside agencies and educators in combining to form a superior total educational program for the students. This program has an interrelated experience and study content, carefully planned and supervised to produce optimum educational results for each student involved. The institution assumes the responsibility for finding assignments which are related to the students' professional objectives, thus providing experiences that enhance knowledge acquired in the classroom. The students gain valuable experience related to their field of study and earn all or a major share of their college expenses.

In general a key operative factor in the cooperative plan is the faculty coordinator. The responsibility of each faculty coordinator is to find employers in the student s field of interest and to bring such employers into a cooperative relationship with the institution. A cooperating employer must be willing to provide work to be shared by two students, one of whom works on the job while the other attends college. At the end of a specified period of time, the two students change places which keeps the job continuously filled while the students assigned to it are able to spend half of their time in college. The length of the period of alternation varies in different institutions as does the total amount of work experience required and the point in the student's curriculum at which it starts.

The pairing principle is generally observed in cooperative programs, but it is not universally followed, nor is it considered a fundamental principle of the cooperative system. Some institutions have arranged their programs so that all their students go to work at the same time with all returning to college at one time. Even those institutions that use the pairing arrangement have found it desirable in certain instances to provide only one co-op student for a given job providing it can be handled in such a way as to permit the student to return to college for the regular class period. The essential feature of cooperative education is not the pairing of students but the alternation between periods of employment, regulated by the college, and periods of classroom work at the college.

There has been a great deal of confusion between cooperative education and the Federal Work-Study Program. Under cooperative education the institution assumes the responsibility for finding assignments which are related to the student's professional objectives and integrates these experiences into the total educational program. The assignments may be with either profit or non-profit organizations depending on the circumstances and interests of the students. The Federal Work-Study Program, on the other hand, is essentially a financial aid program wherein the educational benefit to the student is secondary to the financial benefits. The student must work for a non-profit organization and the work may not necessarily be career related.

Cooperative education unites jobs and learning and creates highly motivated students. Our experience is that these students are more mature. Cooperative education also creates greater economic efficiency for the educational institutions because they are able to serve two student bodies. Greater maturity in our college students and greater economic efficiency in the educational process are both highly desirable objectives that merit continued Congressional support.

Of the 580 applications received for Title IV-D funding in 1973 requesting approximately $25,000,000, the U.S. Office of Education was able to fund only 380, leaving 230 not funded. In 1974, the Office of Education received 645 applications for cooperative education grants requesting $28,000,000, and 371 were awarded totalling $10,750,000, thus 274 were not funded. In 1975, 770 applications were received requesting $33,000,000, of which 327 were funded, and of these 20 were for research and training. In 1975, 443 applications were refused, or over 50 percent of those who had applied.

Therefore, I recommend the following schedule for maximum authorization under Part D of Title IV of the Higher Education Act:

For fiscal year ending:	For planning, establishment, expansion	For training, demonstration, research	Total Authorization
Sept. 30, 1976*	$10,000,000	$ 750,000	$10,750,000
Sept. 30, 1977	15,000,000	1,500,000	16,500,000
Sept. 30, 1978	20,000,000	2,500,000	22,500,000
Sept. 30, 1979	25,000,000	3,000,000	28,000,000
Sept. 30, 1980	25,000,000	3,000,000	28,000,000

* Authorized under present extension of existing legislation

Senator Edward W. Brooke in his testimony before this committee enumerated the specific reasons why this increased authorization is essential, and I strongly support his statements.

Contingent upon the approval of this graduated increase in authorization is the need to increase the time limitation of eligibility from three years to five years. The basic testimony in the Congressional hearings of 1964 and 1968 that established the existing legislation includes a number of statements by educators that an institution needs a one-year planning grant to inaugurate a cooperative education program, and then four years of Federal support to provide the span of time for this "seed money" to create a solid self-supporting and significant cooperative education program. Experience thus far has confirmed the validity of this testimony. Educational administrators and faculty begin to recommend support for the cooperative program after they have had the time and the opportunity to become acquainted with the advantages of cooperative education for their students and their institutions.

For some state institutions operating on a biennium budget, the three-year period does not provide sufficient time to adopt the policy of gradually approving increased funding for cooperative education in time to bridge the gap between the end of the Federal support and the beginning of state support.

The three-year limitation has had the unfortunate effect of creating job instability in reagrd to coordinators' positions, with an adverse effect on the attractiveness of these positions to individuals with outstanding qualities and backgrounds of relevant experience for coordinator posts.

With regard to the requirements for a cooperative education program to qualify for Federal funding, I would recommend that the qualifying words "full time" be dropped from the definition as contained in Section 451 (a) of the current legislation. It is time to recognize that the parallel programs are indeed a true form of cooperative education: Parallel programs differ in that they do not necessarily follow a full-time alternating pattern as described above. The students may work part of a day and attend class part of a day. Sometimes a pair alternates in this manner and sometimes the job is not covered on a full-time basis. One of the great strengths of cooperative education is its flexibility in method of operation. The basic concept of integrating work experience in an educational curriculum can be applied in many different ways. The administrative details can be designed to blend with the philosophy of the particular educational institution and the needs of the students to be served. These programs do not fit into the federally accepted definition of cooperative education, but these programs serve a useful purpose for their students, and I believe, that the Federal government should amend its definition of cooperative education so that these programs can be considered eligible for Federal funds. The change in the present legislation being considered allows for funding for parallel programs only from the research and training funds which at present are inadequate to meet the demand. It also relegates parallel programs to the category of being experimental and they are too well established to be so considered. These programs are rapidly growing particularly in Florida, California, and Indiana.

In summary, I would like to point out that the expansion and extension of cooperative education provides an excellent answer to the problem of making higher education available to a wider cross-section of capable students, while at the same time, enhancing and enriching the educational content of their programs. Cooperative education provides the opportunity for many to attend college who would not otherwise be able to do so. Currently, 170,000 students are earning over $510,000,000 a year. It also motivates many to stay in college because they see the relationship between study and work. It has particular advantages, too, for the culturally deprived and economically underprivileged who are thoroughly capable of profiting from a college education but cannot afford it. Cooperative education is one of the rare Federally supported programs which show a return on investment through taxable income earned by the students.

Statement of James T. Godfrey to be presented
to the U. S. Senate Subcommittee on Education
July 1975

I am James T. Godfrey and I am presently serving as Director of Cooperative Education and Director of the Mid-Atlantic Center for Cooperative Education at Virginia Polytechnic Institute and State University (also known as VPI or Virginia Tech) in Blacksburg, Virginia. I have been in this position for the past seven years. Prior to that (1962-68), I was employed by the Lockheed Missiles &Space Company in Sunnyvale, California as Coordinator of Cooperative Education. During my 13 years of experience in cooperative education, on both sides of the fence, I have been active in the two professional societies representing the practitioners of cooperative education -- the professional coordinators and directors (representing both colleges and employers) who are continuously involved in the placement, counseling, and professional development of students. I have served as president of the Cooperative Education Association (1967-68) and as chairman of the Cooperative Education Division of the American Society for Engineering Education (1974-75). Right now I am in a transitional state. I have resigned my position at Virginia Tech to accept a similar position (Director of Cooperative Education and Student Development) at the University of the Pacific in Stockton, California in its School of Engineering, starting August 1, 1975. I will attempt to describe the development of cooperative education at both institutions and will demonstrate how the Title IV-D Federal funding has assisted in this development.

The cooperative education program at Virginia Tech was initiated in 1952, in the College of Engineering. In the late fifties the program was made available to students in chemistry, mathematics, and physics; and, in the mid sixties the program was expanded to include the College of Business and several departments in the College of Agriculture. During the past five years, we have added the CO-OP option in the College of Home Economics and to several additional departments in the College of Arts and Sciences (biology, geology, sociology, psychology, political science, computer science, English, and history). Presently, about 600 students in 36 academic departments are active in the program. The expansion of the Virginia Tech CO-OP Program has brought about a significant change in objectives. Moving from a strictly professional-experience oriented program in engineering, business, and the physical sciences, the program now provides career exploration for students in the non-professional curricula. We have found that many students change academic majors as a result of one or two quarters of CO-OP work experience, having tested initial career objectives and found them to be inappropriate.

Participation in cooperative education is optional on the part of the students and selective on the part of the university. Students must achieve and maintain a C average (2.00 on a 4.00 scale) to join and continue in the program.

With the aid of Title IV-D funds, during the past two years we have been able to employ an additional coordinator whose primary responsibility has been to expand the program in the College of Arts and Sciences, particularly in the humanities and social sciences. This grant for program administration comes under the sub-headings "Strengthening" and "Expansion". As a direct result of our Title IV-D grants in 1973-74 and 1974-75, we have significantly increased the number of active CO-OP students in the College of Arts and Sciences. In my judgment, Virginia Tech is a good example of how Federal funding has been used to improve and expand a well-established cooperative education program.

Now let me turn your attention to the CO-OP program at the University of the Pacific, my new employer as of August 1. In 1969, enrollment in the School of Engineering had declined to the point where the Board of Regents was seriously considering discontinuance of the program. Under the leadership of Dean Robert L. Heyborne and with the aid of Title IV-D Federal funding, a mandatory cooperative education program was initiated in the School of Engineering in 1970. The results have been phenomenal. Enrollment in the School of Engineering has more than tripled in the past five years. Even during the 1970-73 period when Engineering enrollments declined by almost 40% throughout the country, the University of the Pacific's engineering enrollments increased steadily and significantly. Although other factors were involved, it is safe to conclude that the CO-OP Program was primarily responsible for the revitalization of UOP's School of Engineering.

Having used up its eligibility for Title IV-D funding, the University has now assumed full financial support of the CO-OP program. This is, in my opinion, the model for how Title IV-D funds should be used to initiate and develop a new CO-OP program. With the aid of Federal "seed money", cooperative education has become fully institutionalized in the School of Engineering at the University of the Pacific.

While at Virginia Tech, I have also served as Director of the Mid-Atlantic Center for Cooperative Education. The Center was established in 1970 as part of the CO-OP program operation to provide assistance to other colleges and universities in the Mid-Atlantic Region who were planning, implementing, or developing cooperative education programs. The Center has conducted many institutes and workshops on cooperative education with various emphases according to participants' needs during the past five years. In addition, we have responded to numerous requests for information on CO-OP and advice on program planning and operation. We have also provided follow-up consulting services to institutions that have participated in the workshops and institutes.

During the past two years, the Mid-Atlantic Center has been supported by Title IV-D funds under the "training" provision in the legislation with additional funds having been granted for the current fiscal year. Perceiving the need for CO-OP training to be greatest among the community colleges in this region, we specialized our training programs for two-year college personnel during the first two years (1973-74 and 1974-75) of

Federal funding. The Center's orientation has been broadened for the current year (1975-76), and we will be offering institutes and workshops for both two and four-year college personnel, as well as for employers and high school counselors. The training program is coordinated with other cooperative education training centers throughout the country to avoid conflicts in scheduling and unnecessary duplication of effort. Some of the Federally-funded centers for cooperative education (offering training, information, and consulting) are successfully operating at Northeastern University, the University of South Florida, the University of Detroit, Central State University, Temple University, and Texas Southern University. The training of CO-OP program directors, coordinators, and support personnel has been necessary to keep pace with the demand for qualified personnel to administer new programs and the expansion of existing ones. As cooperative education continues to burgeon nationally, there will be an ongoing need for well-conceived training programs. I strongly encourage the continuation of Federally-funded training programs for cooperative education personnel in the new legislation.

There is a continuing debate among CO-OP professionals on the question of whether "parallel" programs (where the student spends part of each day in the classroom and part on the CO-OP job) should be eligible for Federal funding. There are many parallel programs in operation throughout the country, particularly in the junior and community colleges. During the past three years, I have served as a consultant to several community colleges and have observed first hand the operation of parallel programs. In most of these programs the student has the option of selecting either the parallel plan or the traditional alternating plan; and, the majority of students opt for the parallel system. Several community college CO-OP directors and coordinators have told me that this choice is due largely to the unique characteristics of their students. The "typical" community college student that elects to CO-OP is about 24 years old, a local resident, married, and has family ties and financial responsibilities in the local community. With a continuing need to work (at whatever job is available), a relative lack of mobility, and a desire to complete the degree requirements as early as possible, this student prefers to divide each day between work and study (perhaps working half-time while carrying three quarters of a standard academic load), rather than work full-time for a quarter or semester followed by a similar period of full-time academic study. The conclusion seems to be that, if these students were offered only the alternating plan, they would elect not to CO-OP.

On the other hand, there is considerable evidence that the alternating system does work well in community colleges where it is the only plan available or, if there is an option for both plans, the professional staff emphasizes the alternating system on an equal basis with the parallel plan. Wake Technical Institute (a two-year college) in Raleigh, North Carolina and La Guardia Community College in New York City both operate highly-successful mandatory CO-OP programs on the traditional alternating plan. Broward Community College in Fort Lauderdale, Florida has an optional CO-OP program of either the alternating or parallel plan, and approximately half of their CO-OPs elect the alternating system.

My own experience and natural bias incline me to favor the traditional alternating plan of cooperative education. There are many advantages that make the alternating system the "first class" method. However, I feel that the parallel plan, although "second best" in my judgment, ought to be recognized as a bona fide method of scheduling for those students who cannot or would not otherwise participate in cooperative education. It should be emphasized that this view does not necessarily represent the majority opinion of the professionals in cooperative education. It certainly does not represent the position of the Cooperative Education Divison of the American Society for Engineering Education, as the membership in this society strongly favors the traditional alternating plan.

I sincerely appreciate the opportunity to present this statement to the U. S. Senate Subcommittee on Education. Cooperative education is a superior form of higher education and it deserves the continuing interest and support of the Federal government.

STATEMENT ON COOPERATIVE EDUCATION BY

Emery F. Bacon, Vice President

University Associates

Washington, D.C.

Submitted to the Senate Subcommittee on Education

July 1975

I am presently vice president of University Associates, Washington, D.C., a consulting firm, concerned with education, health and social problems particularly as they relate to the nation's minorities and disadvantaged. My previous experience has been as director of education for the United Steelworkers of America, university faculty member and administrator, special assistant to the U. S. Commissioner of Education, and executive director of the Federal Inter-agency Committee on Education. I cite these professional associations mainly to indicate my relatively broad higher education experience in both the public and private sectors and my concern that education be made available to all economic groups.

I offer my testimony, however, as one who has served as a trustee of the National Commission for Cooperative Education since its founding in 1962.

Cooperative education, more widely understood as a program of alternate periods of classroom learning and related work experience, had remained from 1909, when it was first introduced, until 1962, an exciting, innovative experiment in learning, but acknowledged by only a handful of institutions.

Through the efforts of the National Commission for Cooperative Education, the number of colleges offering co-op programs has increased from some 60 schools in 1962 to over 900 in 1975. The Commission may also claim credit for playing a significant role in achieving the following:

-- introducing cooperative education to the developing institutions, especially to the predominantly black colleges, and those serving other minorities.

-- moving the Office of Education to accept cooperative education as a matter of public policy.

-- advocating successfully Federal legislation providing for the support of cooperative education programs in hundreds of colleges and universities.

-- promoting a series of employer seminars designed to expand the number of job opportunities for co-op students.

Cooperative education is particularly appropriate in the United States where social policy has provided maximum educational opportunities to everyone, limited only by the individual's academic ability and financial support available. This policy has encouraged millions of young to enter higher education, instead of terminating their schooling at the end of their secondary program. During the 1960's this policy led to a rapid expansion of higher education facilities, primarily among community colleges and public universities. This course of action insures an educated and trained work force essential to the preservation of our democratic institutions and the maintenance of our industrialized society. Human resource development, however, should not be haphazard, but rather conditioned by the needs of the nation itself. At the same time, a free society must offer the individual choices as he prepares to enter the world of work, and not preordain his occupation or profession. Freedom of choice in one's life work becomes a vital component. But, there are difficulties in achieving these goals, particularly among youth whose secondary education is inadequate and whose economic resources are limited. Unless college entrance is made possible for disadvantaged students, most will not be able to prepare for a suitable, rewarding occupation.

The problems of education and career choices are not confined to the disadvantaged alone. An increasing number of middle-class youth, sometimes lacking adequate professional counseling, has become uncertain about the importance of a college education, and confused about the values of a society which appears over-concerned about its industrial output, profits, material success, and relatively unconcerned about social problems and the quality of life. Many have scoffed at middle-class virtues: industriousness, thrift, personal success, and through their withdrawal from life became social casualities.

Cooperative education is not a panacea for the problems of our educational establishment, but it can serve in two important respects. The co-op plan makes it possible for students to pay for all or a major portion of their education with the money earned during their work periods.

Cooperative education's greatest value, however, lies in the opportunities it offers students to explore the many careers in the public and private sectors, and assuring them of work assignments related to their academic studies. Higher education, under this plan, becomes relevant. Classroom courses, many theoretical, become understandable. Education takes on an entirely new meaning, and students, who under different circumstances might become drop-outs, find a new zest in their college experience and a meaningful relation to their personal ambitions and goals. It is not at all uncommon for students to form personal relationships with co-op employers which subsequently lead to permanent employment upon graduation.

One of the continually recurring questions about cooperative education has to do with its value for liberal arts majors. While it is generally not difficult for students in engineering, accounting, the physical sciences, or business and industry related disciplines to be placed on jobs during their work period, the liberal arts students require a bit more skill and ingenuity by coordinators in job placement. The experiences at those schools placing liberal arts students indicate that numberous related jobs exist in the public and private sectors, and without too much difficulty students can be placed in an appropriate work category. The Federal Civil Service Commission has made thousands of government jobs available to liberal arts students. Additional opportunities can be found in the numerous educational and cultural institutions. For students interested in literature and history there are libraries, publishing houses, and research institutions. For art students, there are museums and art galleries and theatres. For music students, there are training opportunities in the offices of symphony orchestras and allied musical institutions. For social science majors, the thousands of private and public agencies devoted to health and welfare and public administration are potential employers. The rewards to liberal arts students are equal to those of business and science students. There is a vitality that develops and a learning experience which enriches the student and the employer both, with a carryover as the student enters his professional career.

Since the Federal Government, commencing in 1970, has accepted cooperative education as a significant new form of higher education, and has provided substantial start-up funds to get the program underway, it may now be desirable to consider adequate and appropriate funding for the years ahead as cooperative education becomes accepted as an intrinsic form of study.

During the first five years of funding, nearly 900 institutions applied for funds, a majority received grants, usually for a three year period. The support given and the number of grantees are as follows:

Fiscal Year	Federal Support	Grantees
1970-71	1,540,000	74
1971-72	1,600,000	91
1972-73	1,700,000	84
1973-74	10,750,000	355
1974-75	10,750,000	371
1975-76	10,750,000	327

A breakdown of the grants for FY 1974-75 reveals the following:

	No. of Grantees	Amount	Average Grant
Administration of Program	349	10,000,000	28,653
Training Programs	17	553,000	32,529
Research Programs	5	197,000	39,400

As the table indicates, the recent average administrative grant was less than $29,000. Original grants in 1970 were as low as $7,722, although in recent years minimum grants have ranged between $10 and $15 thousand. Maximum grants have been in the $30 to $40 thousand range, although a handful have been as high as $50, $60 and $75 thousand.

The results of this pattern of funding have been mixed. While Federal support has stimulated many schools to review and inaugurate programs in cooperative education, there is a large number of institutions which have not developed meaningful programs. These lack assurances of solid institutional support and do not enroll a sufficient number of students to insure the program's academic integrity and financial soundness.

While these schools can scarcely be criticized for seeking grants under Title IV-D, the facts are that most of the grants were inadequate for the task at hand. Cooperative education needs not only the support of the president and faculty of the institution, it also requires a professional staff, including coordinators responsible for developing alternate periods of off-campus work and classroom study and for contacting employers and securing jobs sufficient in number for every student enrolled in the program.

It has been common, because of inadequate funding, for colleges to introduce purely voluntary co-op education restricted to one or two departments or in the case of a major university, to be content to have one school adopt the program. The consequences are that many institutions after three years of funding have only miniscule programs with a handful of students participating.

There has been an over-selling of co-op by the wide diffusion of Federal funds through small grants. Minimum support, both in institutional money and personnel for program implementation, has been the result. The national assessment of cooperative education under Title IV-D now being undertaken by the Office of Education is certain to detect these weaknesses.

Despite these difficulties, the successes of cooperative education far outweight the problems which have developed. Cooperative education can now be accepted as a major, innovative, productive program which brings world-of work relevancy to formal education and offers student trainees with their academic skills to industry. It gives unique opportunities for students to earn while they learn, and it makes higher education more meaningful and relevant to thousands of students.

I respectfully submit the following recommendations to the Committee for its consideration. They would insure the future of cooperative education as an effective and efficient program:

I. The number of grants should be appreciably decreased, but those schools determined as appropriate and fully committed to cooperative education as a plan having alternate periods of work and study during the full academic program, should be granted five years of support reaching to $150,000 for the first year. The funds subsequently should be granted on a decreasing scale with the institution providing replacement funds on an increasing scale.

II. Congress should authorize and appropriate funding commensurate with needs but also within the limits of efficient and effective OE administration. The levels of funding should be as follows:

Authorization to:

(in millions)

Date	Administration	Training and Research	Total
Sept. 1976	10.0	0.75	10.75
Sept. 1977	15.0	1.5	16.5
Sept. 1978	20.0	2.5	22.5
Sept. 1979	25.0	3.0	28.0
Sept. 1980	25.0	3.0	28.0

These authorizations, with subsequent appropriations at the same level, should provide support for the training, research and administration of cooperative education adequate to insure its acceptance and establishment in a representative and realistic number of institutions. These funds would enable the Office of Education to offer grants for precisely designed training programs for professional staff and coordinators, research and development grants seeking new approaches and techniques, and finally funds to employ a professional staff commensurate with the needs of small and large institutions. This level of support would encourage schools to move toward a more institutionally comprehensive plan providing equal access to all students for participation.

THE AMERICAN UNIVERSITY
WASHINGTON, DISTRICT OF COLUMBIA 20016

SCHOOL OF GOVERNMENT AND PUBLIC ADMINISTRATION

COLLEGE OF PUBLIC AFFAIRS
Center for the Administration of Justice
Center for Technology and Administration
School of Government and Public Administration
School of International Service

July 11, 1975

Senator Claiborne Pell
Suite 325
Old Senate Office Building
Washington, DC 20510

Dear Senator Pell:

I would like you to know about the new School of Government and Public Administration Cooperative Education Program. Co-op education will in no way conflict with our internship program, but will supplement it by providing full-time employment in paid positions for well qualified undergraduate and graduate students with employers who prefer this system to part-time voluntary internships.

Under the Cooperative Education plan, a student would take off a full semester to work for an approved employer. The work period is considered an integral part of his academic program. The Program is open to undergraduate and graduate students who will earn two course units or three to six semester hours for a six-month full-time job. The educational value of Cooperative Education for students stems from their experience as regular employees, not as "student helpers." In Co-op, like in other field experience programs, the emphasis is on the many kinds of things that can be learned from the job experience not only on the academic knowledge taken to the field work. The Co-op Program shares with internships and clinical programs the basic goals of field experience education. Benefits to both sponsor and student are substantial, as a student devotes his time to full-time productive work.

I have enclosed information on the SGPA Cooperative Education Program which will answer some questions which you might have. If you are interested in more information or the possibility of having a graduate or undergraduate Co-op student working in your office, drop me a note or call Ms. Eva Kanter at 686-3857 between 9:00 a.m. and 5:00 p.m. daily. I will be looking forward to hearing from you.

Best regards,

James A. Thurber/dg

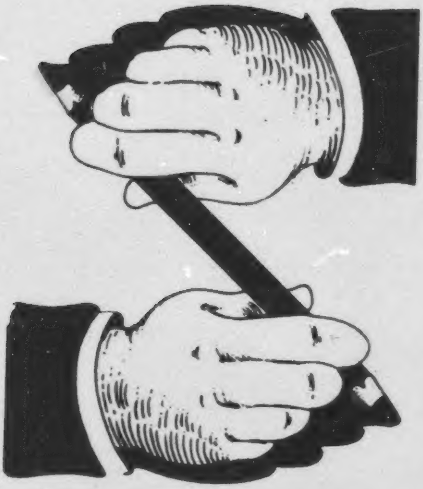
James A. Thurber, Coordinator
School of Government and
Public Administration
Cooperative Education Program

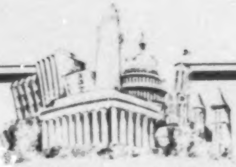
P.S. Non-profit organizations can be included in the federally funded Work-Study Program.

JAT:an
Encl.

EDUCATION & EMPLOYMENT

The Missing Link Is Found





Something makes a city like Washington, D.C. a special place.

Whatever it is, it draws thousands of students here each year, and many of these talented young people will become a permanent part of Washington's professional life—especially if they get to sample it first-hand.

There is a new program at The American University that gives students this opportunity and which also serves the manpower and recruitment needs of the metropolitan professional community.

It's called Cooperative Education and it is the link between education and employment.

The Program offers full-time degree students the opportunity to include in their academic programs several periods of paid, full-time employment, opening up a wide range of important benefits. The students gain invaluable experience related to education and career goals, degree credit and earned income that will help them stay in school.

The advantages to an employer of Co-op students are just as numerous:

—Both undergraduate and graduate students from all public affairs, liberal arts and business disciplines are available.

—As a source of eager mid-level manpower, the Co-op student frees professionals for more demanding and creative work.

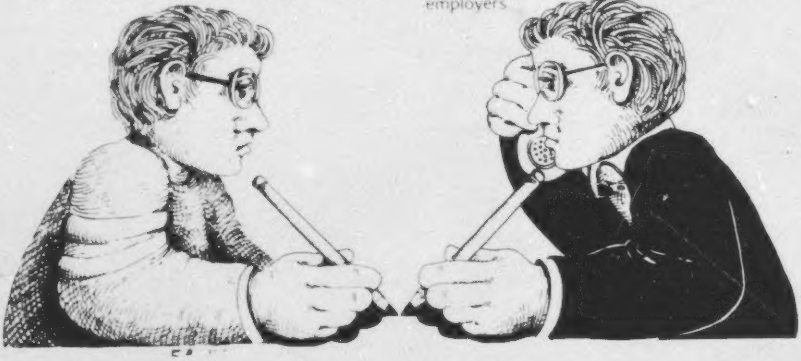
—The Co-op Program advertises an organization and serves as a recruiting aid on the campus.

—The employer can "feel out" potential employees—without making any permanent commitment.

—The Program expands relationships between students and the professional community, between the organization and the University. The employer participates directly in the educational process.

The placement process for Co-op students also serves the employer; only students with appropriate qualifications are referred.

—The Director of Cooperative Education maintains a listing of the position descriptions and qualifications provided by employers.



– The Director and faculty carefully screen all applicants and arrange interviews at the employer's convenience.

– The employer sees the students and their resumes and selects the most suitable candidate or candidates.

Once employed, the students' full-time obligation is to the employer. They don't take university vacations; they don't require special scheduling or assignments.

Throughout the term of employment, the Director of Cooperative Education maintains contact with the employer, who may, for reasonable cause, terminate a student whose performance proves unsatisfactory. At the end of the work assignment, the employer completes a simple form evaluation of each student.

If you feel that your organization or firm could benefit from participation, contact Eva Klein Kanter, Director, Cooperative Education Program, for further information. Her office is in Room 214, Mary Graydon Center, on the campus of The American University in Washington, D.C., 20016. The phone is (202) 686-3857.

THE AMERICAN UNIVERSITY
Cooperative Education Program
Massachusetts and Nebraska Avenues, N.W.
Washington, D.C. 20016

APR 30 1975

University of Cincinnati
Cincinnati, Ohio 45221

DEPARTMENT OF GERMANIC LANGUAGES AND LITERATURES
730-740 CHEMISTRY BUILDING

April 25, 1975

Senator Claiborne Pell
Senate Office Building
Washington, D.C. 20510

Dear Senator Pell:

I would like to express our appreciation for the support you have given the idea of cooperative education in this country.

We, the German Department of the University of Cincinnati, are also deeply committed to this educational approach because we believe that languages can best be learned in real-life situations. For eight consecutive years we have sent students from many fields and various U.S. institutions to Hamburg, Germany, for further intensive language study and two months of work in career-related positions in German firms. Students worked for pharmaceutical houses, hospitals, nursery schools, veterinarians, bookstores, libraries, the environmental agency, geological survey, etc. Proper preparation in conversational German and a good basic knowledge of German institutions and political, social and economic conditions helped our students to establish fruitful relationships with German employees. At the same time they learned about their own profession and improved their language fluency.

Our program was funded by the Overseas Branch of HEW for two years; thereafter it had to rely on the income from participants' fees. This excluded students from many income groups. It seems to us, however, that cooperative studies of such international dimensions should receive the attention of the legislature.

We hope to establish in this country a cooperative program for students with language skills and include in it the existing program (i.e. the student must spend at least four quarters in the work-situation). To accomplish this we would contact companies with branches in Europe and ask them to employ students in jobs requiring some knowledge of a foreign language. As the need for such personnel increases in American companies the training of language students or students from other fields with language proficiency will be necessary.

We look forward to your continuing support of cooperative education and hope that it will develop an international dimension.

Sincerely yours,
Helga Slessarev
Helga Slessarev
Head

L3-13

UNIVERSITY OF MAINE *at Augusta*

Office of the President

University Heights
Augusta, Maine 04330
207/622-7131

February 14, 1975

Commissioner Terrell H. Bell
U. S. Commissioner of Education
Department of Health Education and Welfare
U. S. Office of Education
Washington, D. C. 20202

Dear Commissioner Bell:

The proposed amendment to Title 45 of the Code of Federal Regulations has been brought to my attention by this University's Office of Cooperative Education.

Restricting the federal definition of Cooperative Education to "...a course of study with at least two separate periods of full-time...work" would severely limit work experience opportunities for students attending community colleges such as ours.

The majority of community college students commute from their homes, and many have family responsibilities. Unlike the four-year student, who may be able to leave the campus to work in a distant locale for a semester, two-year students are often restricted to their home communities.

Economic problems of this decade have shown a decrease in the number of employers who can afford to hire students in full-time positions.

For the above reasons, cooperating employers and co-op students find the flexible part-time schedule more appealing and practical than the full-time alternating plan.

In addition, the valuable concept of continuous education is reinforced. Through part-time or parallel work experiences, the student maintains continuous contact with the college, negating the misconception that the campus is the only place where learning

F

Commissioner Terrell H. Bell
Page Two
February 14, 1975

occurs.

We believe that parallel community college-based cooperative education is an option that merits your consideration.

Sincerely yours,

Lloyd J. Jewett

Lloyd J. Jewett
President

LJJ:sbs

cc: ✓Senator Edmund Muskie
Senator William Hathaway
Representative William Cohen
Representative David Emery
Mr. Thomas Abbott RC

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Edward E. Booher
President
Books and Education Services Group

July 7, 1975

The Honorable Claiborne Pell, Chairman
Senate Sub-Committee on Education
Senate Office Building
Washington, D. C. 20510

Dear Senator Pell:

I would like to submit the attached short statement on behalf of cooperative education as part of the documentation your Sub-Committee is gathering relative to new education legislation.

In addition to this statement, I would like to say that, as a product of cooperative education myself and as a long-time Trustee of Antioch College, I feel that a strong personal bias -- which I have long held -- is at last being justified. Further, I feel that cooperative education in all its aspects meets more than it has ever before the needs of our young people on two counts.

1. It provides to the cooperative education student much needed supplementary income.
2. It provides the student with realistic opportunity both to discover and practice the vocational or occupational areas for which he wishes to prepare himself.

Finally, cooperative education in these days of rising costs enables the institution to utilize more completely its physical plant and educational facilities, since most cooperative institutions tend to run the year 'round and service a larger number of students per dollar invested in plant and teaching salaries.

The Honorable Claiborne Pell July 7, 1975

I hope your new legislation will continue to support fully the concept of cooperative education and provide funds for its support.

With best regards.

Sincerely,

EEB/cvs

Cooperative education might be defined as a mode of learning in which students alternate between on-campus study and off-campus work in productive, paying jobs. Cooperative education, aside from its very important educative value, provides employers with an effective recruitment resource that in balance-sheet terms has positive bottom-line significance.

It is only in recent years that the concept of alternating work and study in a structured sense has caught the imagination of educators, businessmen, and government.

A half century after cooperative education was first established at the University of Cincinnati in 1906, there were still only thirty-five or so colleges and universities that had adopted it. In 1962, just thirteen years ago, when the National Commission for Cooperative Education was created, there were only sixty colleges offering cooperative education programs.

But a valid idea does not die. It may have to wait for its time and linger in suspension until events assert its necessity. I think this has happened to the idea of cooperative education, which quite recently and quite suddenly has found its time and has moved out of its partial limbo into a major role on the national, education scene.

In 1973, the number of colleges and universities offering cooperative education programs had grown to 566 in the United States and 10 in Canada. Today that list numbers almost 900.

Many of these programs are in their initial stages; others are in process of being started up and implemented; but in very short order they will be fully functioning, well-staffed, and well-directed operations, so that the number of co-op students is likely to increase from the present level of 200,000 to about 500,000 in the next two or three years.

The colleges and universities involved are in all 50 states. They include two-year community colleges, four-year colleges, and graduate schools. In some instances -- Antioch, which pioneered cooperative education for liberal arts students, Wilberforce, one of the first black universities in the country, Northeastern, LaGuaradia Community College -- the cooperative program is mandatory for all students. In some places, it is mandatory for certain curricula, such as engineering. In other places, the program is offered on an optional basis.

It should also be noted that the ubiquity of cooperative education programs is a point of interest to companies with employing centers in various parts of the country. There are very few places in the United States that do not offer some access to co-op students; and, indeed, there are very few job classifications for which co-op students are not in training. The range of student interest runs a gamut from A to V, starting with agriculture and related subjects, and including architecture, accounting, business majors, engineering, liberal arts, the natural, social and behavioral sciences, secretarial science, health professions, computer sciences, environmental sciences, graphics, industrial design, and v- for vocational arts.

The new, almost epidemic interest in cooperative education is partly due to the missionary work of the National Commission. To a great extent the spread of the idea can be attributed to the urgency felt by students for more reality-oriented programs, and a flight from traditional ways of learning. And not the least of the forces at work has been the government and a number of foundations that together have funded much of the starting-up process.

The government itself is in fact a major employer of co-op students. According to the United States Civil Service Commission there are over 6700 co-op students employed in federal agencies, with certified cost benefit results.

pan american university

EDINBURG, TEXAS 78539

OFFICE OF COOPERATIVE EDUCATION

July 16, 1975

Senator Claiborne Pell
Chairman, Sub-Committee on Education
United States Senate
Washington, D. C.

Dear Senator Pell:

By way of introduction, my name is L. A. Youngman. I am Director of Cooperative Education at Pan American University in Edinburg, Texas.

Concerning the hearing at which Parallel Programs for Cooperative Education will be discussed, I would like to express my opinion in favor of this type of program.

We live in an area consisting of primarily minority (Mexican-American) students. Many of these students need the benefit of Cooperative Education, but for one reason or another are unable to leave the local area. Certainly, the work experience gained in the Cooperative Education Parallel Program could be a great benefit to these students. In fact, at this time, several of our students are working in the Parallel Program, even though this type of work is not recognized.

If you desire additional information, I will be more than willing to work with you.

Your consideration in this matter is sincerely appreciated.

Sincerely,

L. A. Youngman, Director
Cooperative Education

LAY;jw

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July 7, 1975

Senator Claiborne Pell
Chairman
U. S. Senate Sub-Committee on Education
Senate Office Building
Washington, D. C. 20202

Dear Senator Pell:

I understand that your Committee is considering authorization legislation relating to cooperative education. I have been deeply interested in cooperative education for more than 40 years and served for 13 years as Chairman of the National Commission for Cooperative Education. Hence, I have some suggestions to make regarding legislation on this subject, which are as follows:

1. The present Congressional appropriations for cooperative education are sufficient for only one-third of the eligible educational institutions that have made application. I suggest that the present funding level of $10,750,000 be increased so as to authorize for the first year $35,000,000; the second year $45,000,000, and the third year $55,000,000. As a component of each of these funding levels, I suggest $3,000,000 to be allocated annually for training, research, and demonstrations.

Cooperative education has proved its value for the student, the employer, and the educational institution. Although the number of institutions employing this form of education has greatly increased in the past ten years, still less than 5% of all U. S. colleges and universities have adopted it. The present financial difficulties of both students and educational institutions make this an excellent time for further expansion of a program that helps support students.

As new institutions adopt cooperative education they need to obtain trained coordinators, they need to observe effective demonstrations, and they need the benefit of research in solving some of the problems involved in making this important change. For these reasons, a marked increase in funds for training, research, and demonstrations is essential.

2. I suggest an amendment to the legislation to extend to five years the present three-year limitation on Federal support to an institution of higher education.

Materials of instruction   Tests and evaluation services   Guidance publications and services

Existing legislation limits Federal funding support of development or strengthening of cooperative education at any institution to a period no longer than three years. This limitation has been widely faulted and criticized by leaders in cooperative education with long experience with the problems of developing strong co-oping programs. The basic testimony in the Congressional hearings of 1964-68 that established the existing legislation includes a number of statements by educators that an institution needs a one-year planning grant to inaugurate a cooperative education program, and then four years of Federal support to provide the span of time for this "seed money" to create solid, self-supporting and significant cooperative education programs.

Experience thus far has confirmed the validity of this testimony. Educational administrators and faculty do begin to recommend budget support for the co-op program after they have had time and opportunity to become acquainted with the advantages of cooperative education for their students and their institution.

3. I suggest that Part IV-D, section 452(6) be amended to set a limit of $100,000 on the grant made to one institution in a fiscal year rather than the existing limit of $75,000.

The calculations underlying the establishment of the limit of $75,000 were made nearly ten years ago, and the inflation since that time makes $100,000 a more appropriate estimate of the funds required. Furthermore, some of the larger institutions like the Ohio State University are interested in adopting this plan of education. The start-up costs in such cases are much larger than for smaller ones.

4. I suggest that the authorization permit Federal expenditures for the development of new work opportunities for students in employing institutions, including business, government, and non-profit service organizations. Thus far the Federal funds have been limited by Section 451 of the Act to the teaching institutions.

The increase in the number of colleges and universities has resulted in having more students on many of the campuses who wish to participate in cooperative education programs than are being placed with sponsoring employers. Employers who have not had experience in developing productive job opportunities for students often need assistance in identifying job possibilities and working out specifications so that they will be both educational for the student and productive for the employer. This is true for service agencies as well as those that produce material goods. Furthermore, at the present time, new public agencies have been established to work on such problems as environmental pollution, energy conservation, housing and health. With some assistance these agencies could develop excellent work experiences for students in cooperative education.

I hope these suggestions will be given consideration by your Committee.

Sincerely,

Ralph W. Tyler

Ralph W. Tyler

RWT:ac

July 16, 1975

The Honorable Claiborne Pell
United States Senator
325 Russell Senate Office Building
Washington, D.C.

Dear Senator Pell:

I am writing to you at this time in reference to Cooperative Education, Title IV-D of the Higher Education Act of 1965, as amended 1968 and 1972. I understand that you and the Senate Sub-Committee on Education are considering new legislation in this area. It is my purpose to offer some constructive suggestions from a practitioners perspective. I shall also specifically examine H. R. 3471, the bill introduced by Congressman O'Hara on February 20, 1975, to be cited as the "Student Financial Aid Act of 1975". I believe that this legislation presents the Cooperative Education community with a variety of problems. If I may, I should like to take this opportunity to express my concern with the approach taken in this bill.

As you may know, Cooperative Education is the integration of classroom study with specific planned periods of learning through productive work experiences usually found off-campus. The plan is to identify meaningful employment positions with a variety of business concerns, industrial organizations, and social and governmental agencies. These positions are filled by a series of students alternating periods of work and study. These time periods vary from program to program including: semesters, quarters, weeks, days, or parts of days. In many cases co-op positions are available on a year around basis providing a full range of experiences for the student. In other cases co-op positions are only available on a seasonal or single semester per year basis.

Cooperative Education is available to students from throughout the collegiate academic spectrum including the areas of Arts and Sciences, Business, Engineering, Technology, Nursing and Education. At Trenton State College the program offered through the Center for Cooperative Education consists of a series of courses based on an individualized, student-oriented, faculty supervised learning contract. The learning contract is similar to a traditional course syllabus except that it is an individualized educational delivery system which is developed between the student and his/her faculty Coordinator with concurrence and support of the cooperating employer. The faculty Coordinator supervises and evaluates the completion of the objectives of the learning contract. A final grade is awarded to the student on the basis of evaluation by the employer, the faculty Coordinator, and the documentation of the completion of the objectives of the learning contract. Six credit hours per semester are granted for the successful completion of the contract. The learning contract provides the vital ingredients of accountability and flexibility to the work-learning experience.

The term Cooperative Education refers to an agreement of mutual benefit and cooperation between colleges and employers to provide work-learning experiences for students. This cooperation exists in relation to available Co-op placements with many employers representing the entire employment spectrum nationwide.

Trenton State College has had this cooperation with employers from Maine to Florida, in Canada and Germany. We are fortunate that even during a time of economic distress large numbers of employers still offer positions which meet the criteria of our program.

Some examples of these positions which might meet our prerequisites in a given academic year include:

Clinical Aides/Ward Clerks	- Psychology/Sociology/Nursing Social Welfare
Reporters/News Writers	- English/Speech Communication & Theatre
City Planning Assistants	- Geography
Animal Handlers	- Biology
Marine Biological Research Technicians	- Biology
Theatrical Technicians	- Speech Communication & Theatre Engineering Technology
Cash Supervision	- Accounting/Business Administration
Accountant/Bookkeeper	- Accounting/Business Administration
Actors and Actresses	- Speech Communication & Theatre
Electronics Technicians	- Engineering Technology
Public Relations Assistants	- Art/English/Media/Speech Communication & Theatre/Business Administration/Marketing
Security Agents	- Criminal Justice
First Aid Station Personnel	- Nursing/Health & Physical Education
Management Trainees	- Business Administration
Congressional Assistants	- Political Science/Public Administration/English/Business Administration
Research Assistants	- Sociology/Psychology/Mathematics

In positions of this type which meet our requirements, a students may earn credit hours through Cooperative Education. However, at Trenton State College the Co-op program is not so structured as to restrict work-learning experiences which are solely directly related to the academic major. The concept of learning by sharing provides a great deal of flexibility for the students and allows us to tailor the implementation of the program to the needs of the individual student.

Cooperative Education is primarily an academic work-learning program undoubtedly having a variety of secondary focuses; perhaps the most important of which is that of financial assistance to the participating students. However, turning to H. R. 3471 we find that the predominant theme seems to relegate the academic importance of Cooperative Education to a secondary or lower level while focusing on the financial aid aspects. This action is inappropriate.

H. R. 3471 fails to focus on the educational uniqueness of Cooperative Education. There is no attention given to the flexibility and accountability, of the educative process available through Co-op. Educational accountability through modes of measurement such as learning contracts help to insure the academic legitimacy of these programs. It would seem appropriate that the criteria for funding should make mention of the learning by objectives approach to accountability which allows these programs to offer a great degree of individual orientation for the student and the employer.

Further, if I may, I should like to enumerate the following areas of specific concern for Title IV-D as it is presented in H. R. 3471. This bill, on page 86, lines 21 through 25, offers the traditional description of full-time alternating Cooperative Education programs. I believe that the time has come for a change in this approach. Recognition of the vast number of sizable Co-op programs operating under a parallel and/or extended day concept is vital at this time. This is especially troublesome to the many active parallel programs in two-year institutions. In fact, this is a problem of express proportion to two-year colleges. Parallel programs are merely another form of implementation of the philosophy of Cooperative Education. They are no less worthy.

Page 86, section 451, line 4, refers to this bill providing funding for the "planning" of Co-op programs. This concept is mentioned again on page 89, section 453, part b, lines 18-21, referring to training persons for "planning" and "feasibility" studies in Co-op programs. However, there is widespread agreement amongst the Co-op community that funding of planning proposals is inappropriate. Such proposals show little or no commitment by the applying institution. This is a very poor approach to funding priorities.

Page 87, section 452, item b, lines 21-25, provide funding for institutions and/or consortia to operate Cooperative Education programs. The amounts provided here are unnecessarily and inappropriately high. There is no reason to believe that an institution has need of $350,000 for a fiscal year to establish a successful Cooperative Education program. Further, I am deeply concerned about the future of those currently developed programs at institutions which receive far more modest and realistic grants (average grant $25,000 per year). If H. R. 3471 were passed as written, the results could include the destruction of the more modestly funded programs. They would simply be overpowered by the more highly funded institutions.

Perhaps, a more appropriate funding formula would be to increase the total Title IV-D appropriation from $10.75 million to $15.0 million per year through 1980. This increase will insure the continuing development of quality programs by gradually increasing the number of programs while allowing for increasing employer availability and program stability in our inflationary economy. Further, in reference to the funding cycle, rather than the current plan for $75,000 and 3 years would be $50,000 and 5 years to any single institution. It would also be wise to establish a decreasing progressive funding formula over five years per institution (i.e. year one: not greater than $50,000; year two: 90% of year one; year three: 75% of year one; year four: 50% of year one; and year five: 25% of year one.

Page 88, section 452, item d, number 1, lines 5-8, refer to "programs in the academic discipline with . . . a favorable reception in business and in industry:. This concept appears to relate directly and unfortunately to established engineering and business Co-op programs. Again, this emphasizes the traditional (engineering) approach to Cooperative Education and will be inconceivably damaging to the Cooperative Education community.

Page 89, section 452, item d, number 2, refers to programs of "demonstrated . . . size and scope". This statement again leans in the direction of providing for traditional (engineering) programs. The focus again is on established programs with little concern for the vast number of currently developing and viable (non-engineering) Co-op programs.

Page 89, section 453, part b, lines 21 and 22 refer to funding of training for persons in the "value of innovative methods of Cooperative Education such as concurrent part-time work and part-time study. . .". This statement refers blatantly to parallel Co-op. However, the aforementioned direction of H. R.3471 appears to be opposed to recognition of parallel Co-op. It is especially curious that this bill proposes funds for training of person in the areas of parallel Co-op but provides no money for administration of Co-op programs taking this approach.

It appears that H. R. 3471 has been developed from a strictly traditional, conservative established (engineering/business) orientation. The direction of this bill is to develop a situation where the "haves" get and the "have-nots" lose. Because its overall direction appears inappropriate, it is difficult to know which is the most important problem with this bill. I am concerned that there is no real plan for the sorely needed evaluation and/or accountability of funded Co-op programs provided for through H. R. 3471. I am deeply troubled that the Cooperative Education community at large appears to have had little input and/or consideration in the preparation of this legislation.

It is important to understand that Cooperative Education is not employer directed but an educational student-oriented program. This is not a placement service but rather a work-learning program designed to meet the needs of students: rich or poor, black or white, urban or rural, Liberal Arts or Engineering. In fact, Co-op has a special importance to Liberal Arts students. It is not needed merely to insure jobs, but to provide career development for all students to help them become happy and productive members of the free enterprise system. Co-op allows education to best meet the needs of the

the individual student while providing them with opportunities for personal, cultural, scholastic and professional growth.

Finally, I should point out that in fact, the majority of professional practitioners in the higher education Cooperative Education community support Title IV-D as presented in its original form in the Higher Education Act of 1965 as amended in 1968 given the deletion of the words "full-time" in reference to "alternate periods of . . . academic study with periods of . . . public or private employment. . .". This action along with potential realignment to allow the more appropriate work-learning focus including additional emphasis on increased evaluation, flexibility and accountability would provide a bill which would be most acceptable, constructive and productive.

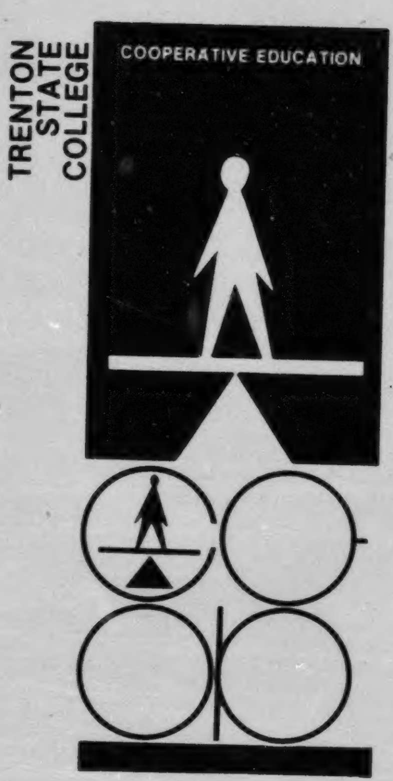
It is my hope that you will find these comments in order, and I will look forward to discussing them with you further. I also look forward to working with you on this and related matters through the New Jersey Cooperative Education Consortium.

Thank you for your consideration. I will look forward to hearing of the progress of your work. Best wishes.

Sincerely,

Christopher G. L. Pratt
Director of the
Center for Cooperative Education
and Co-Chairman
Legislative/Governmental Liaison
Committee, NJCEC

CGLP:md


TRENTON
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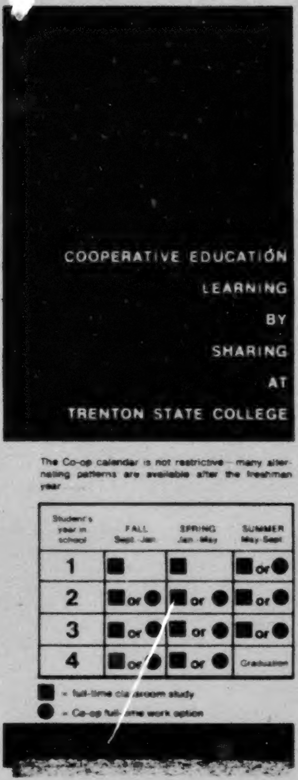
COOPERATIVE EDUCATION

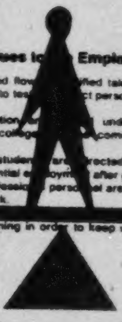


COOPERATIVE EDUCATION
LEARNING
BY
SHARING
AT
TRENTON STATE COLLEGE

The Co-op calendar is not restrictive—many alternating patterns are available after the freshman year.

Student's year in school	FALL Sept.-Jan.	SPRING Jan.-May	SUMMER May-Sept.
1	■	■	■ or ●
2	■ or ●	■ or ●	■ or ●
3	■ or ●	■ or ●	■ or ●
4	■ or ●	■ or ●	Graduation

■ = full-time classroom study
● = Co-op full-time work option



Values to [illegible] Employer

- A year round flo[illegible]ified talent provides an opportunity to tes[illegible]ct persons with needed abilities.
- Communication [illegible] understanding between the colleg[illegible] community is generated.
- Promising studen[illegible] are [illegible]rected with an eye toward potential e[illegible]oym[illegible] after graduation.
- Regular professio[illegible] perso[illegible]el are freed for more creative work.
- [illegible]tinuous learning in ord[illegible] to keep up with student questions.

Values to the College

- The college enjoys a more efficient use of all resources since part of the student body is off campus during each term.
- Rapport with the community at large is strengthened.
- The faculty is kept abreast of innovations by students returning to the classroom from their experiences.
- As the program develops, the teaching faculty can maintain a closer relationship with business, industry, and the professions.

Values to the Student

- The alternating pattern of on-the-job training experiences and classroom studies gives greater meaning to college courses.
- In the non-academic world, the student has available specialized facilities and equipment.
- Adding work to the study program develops confidence, maturity, responsibility, and skill in human relations.
- While still in college, students may insure greater career satisfaction by sampling fields before making a commitment.
- By graduation the student may have more than a year of professional experience.
- The student earns part of the cost of his education.

Values to the Community

- The college becomes a more valuable asset to the community as programs are modified to meet the needs of business, industry, and the professions.
- Men and women of the community who might otherwise be financially unable to attend college are assisted through cooperative education.
- Cooperative education enhances community life by promoting the intellectual stimulation needed for social and community responsibility.

PUBLICATIONS 8M/75

THE KEY WORD IS COOPERATIVE. The joining together of employers, students, and Trenton State College to share knowledge and resources is the central idea of cooperative education. Experience has shown that it is good business to hire cooperative education students. This holds true whether the employer is engaged in highly competitive profit making activity or is responsible for social service work in a nonprofit agency. All types of employers have found cooperative education students to be assets to their organization.

Students may earn sufficient co-op credit to graduate in four years or may wish to extend their studies. Upon graduation the student will have both a degree and a substantial amount of experience to offer a potential employer. The importance of this experience becomes evident when the student interviews for employment after graduation.

THE KEY CONCEPT IS LEARNING. Cooperative education is the integration of classroom study with specific planned periods of learning through productive work usually found off campus. At Trenton State College cooperative education is based on an individualized student-oriented learning contract. Through co-op, students become part of the cooperative education employer's organization on a regular full time basis for a semester or more. They also receive counseling from their college coordinator.

Fortunately, due to the optional nature of our co-op program the calendar is not restrictive; many alternating patterns are available to students and employers.

Trenton State College provides cooperative education on an elective basis to all students. Students earn six credit hours for each experience upon the successful completion of the terms of their learning contract. Students register through one of the academic departments participating in the Center for Cooperative Education.

The value of cooperative education is the dynamic involvement of each of its components: the employer, the student, the college, and the community.

Those interested in cooperative education at Trenton State College please contact Christopher G. L. Pratt, Director of the Center for Cooperative Education, 609-771-2161, Trenton, New Jersey 08625.

Among the areas through which co-op students are available are:

- Accounting
- African-American Studies
- Art
- Biology
- Business Administration
- Chemistry
- Criminal Justice
- Economics
- Education
- Engineering Technology
  - Electronics
  - Mechanical
  - Industrial
- English
- Geography
- Health and Physical Education
- History
- Marketing
- Mathematics
- Modern Languages
- Nursing
- Physics
- Political Science
- Psychology
- Social Welfare
- Sociology
- Speech Communication and Theatre

MEMBER N.J.C.E.C.

THE JOINT COUNCIL FOR COOPERATIVE EDUCATION

Sponsoring Societies: The Cooperative Education Association and
The Cooperative Education Division of
the American Society for Engineering Education

October 21, 1974

Senator Claiborne Pell
Chairman, Subcommittee on Education
U. S. SENATE
Washington, D.C. 20510

Dear Senator Pell:

We understand that your committee is in the process of drafting new legislation to supplant and carry on Title IV-D of the Higher Education Act, as amended, when the current legislation expires on June 30, 1976. Speaking in behalf of the membership of the Cooperative Education Association and the Cooperative Education Division of the American Society for Engineering Education (with a combined total of about 1800 members -- all active practitioners in Cooperative Education) we wish to make the following recommendations regarding the proposed new legislation:

1. Future legislation should place a high priority on grants to institutions that are developing Cooperative Education programs in academic disciplines which promise to satisfy needs for increased numbers of career employees, as indicated by U.S. Department of Labor projections.
2. Administration of Cooperative Education funds should continue to be centralized in the Office of Education in Washington, D.C., rather than delegated to the regional offices.
3. No grants should be made for feasibility studies or planning. Institutions should undertake these activities at their own expense. Favorable results would make them eligible for federal assistance to implement, strengthen, and expand their programs. This policy would insure institutional commitment to the program before federal funding is received.
4. The limitation on funding for administration of programs should be increased from three years to five years, but in decreasing amounts each year so that self support from institutional funds would be required in increasing amounts each year. For example, a new program might be eligible for 100% of total costs from federal funds in the first year, 80% in the second year, 60%

the third, and so on. As above, this policy would insure institutional commitment and would foster the continuation of programs after the federal funding ceases. We favor the change from three to five years only if the "sliding scale" concept is included in the legislation.

5. The limitation of $75,000 per institution per year for administration seems adequate and should be continued. However, consortium arrangements should not be held to this limit on a total basis, but should be limited to $50,000 for each participating institution.

6. The total amount authorized annually should be increased to $20,000,000, with $17,000,000 specified for program administration (implementation, strengthening, and expansion) and $3,000,000 for training and research. This increase would provide for normal development of new programs and provide a margin for inflation.

7. Vocational-Technical programs should not be funded under the new law since other federal legislation provides funding for these programs.

8. Future legislation should provide financial incentives to employers participating in Cooperative Education. For example, employer coordinators should be eligible for stipends offered for participation in training institutes and workshops. Also -- and this may not be appropriate legislation in which to include this recommendation -- private employers should receive an income tax break for their participation in the educational development of Cooperative Education students. Most employers agree that CO-OP students are, on the average, about 80% productive on the job. Assuming this to be true, 20% of the pay CO-OPs receive is a contribution to the education of students and could be considered as tax exempt the same as employer grants to educational institutions.

9. Future legislation should place a high priority on grants to institutions that develop programs which meet certain criteria and guidelines. An example would be the Engineers Council for Professional Development Accreditation Criteria for Cooperative Education Programs (see enclosed reprint of an article from Engineering Education). The criteria established for this legislation should emphasize the integration of theory and practice, counseling to recognize and organize objectives, productive work, and the career development aspects of Cooperative Education. Recognizing the inherent advantages

Senator Claiborne Pell
Page 2
October 21, 1974

for students in Cooperative Education programs that provide full-time alternating academic and work periods, institutions that are developing this type of program should receive high priority for funding.

10. We feel that it is extremely important that accountability be built into the legislation and into the guidelines for administration of federally-funded Cooperative Education programs. Funds should be made available for independent evaluation of these programs on a year-by-year basis. We strongly subscribe to the recommendations contained in the report entitled *Search for Success*, prepared by the National Advisory Council on Education Professions Development.

We trust that your committee will favorably consider the above recommendations when preparing the new legislation on Cooperative Education. We would be happy to provide supporting information to you and the committee and would welcome the opportunity to testify at appropriate committee hearings.

Sincerely,

Bruce C. Stoughton
Bruce C. Stoughton
President-Elect
Cooperative Education Association

James T. Godfrey
James T. Godfrey
Chairman
Cooperative Education Division-
American Society for
Engineering Education

dl
Enclosure

cc: Mr. Stephen J. Wexler, Counsel, Subcommittee on Education

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Senator **Pell.** The subcommittee will recess subject to the call of the Chair.

[Whereupon, at 11:05 a.m., the subcommittee adjourned, subject to the call of the Chair.]

HIGHER EDUCATION LEGISLATION, 1975

Student Assistance

TUESDAY, JULY 15, 1975

U.S. SENATE,
SUBCOMMITTEE ON EDUCATION
OF THE COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 12:25 p.m., in room 6226, Dirksen Senate Office Building, Senator Claiborne Pell (chairman), presiding.

Present: Senators Pell, Hathaway, Javits, and Taft.

Senator HATHAWAY [presiding pro tempore]. The hearing in the Subcommittee on Education will come to order. Senator Pell has been detained and he will be here shortly. It was asked that I begin the hearing. Today's hearing is a continuation of our study of the education amendments of 1972.

As has been noted, we have not introduced a specific piece of legislation, but are seeking the views of the constituents with regard to the operation of the 1972 amendments, and what steps can be taken to improve them, as well as discussions of other matters pertinent to the future of higher education.

Today we will hear from six of the largest education associations. Tomorrow and the next day we will be hearing from other public witnesses. Many of you made your statements available last evening, and I commend you for the manner in which they are drafted. The American Council on Education (ACE) statement is all inclusive and the other five organizations have directed their testimony to, and comments on, the ACE testimony.

I also appreciate the very frank nature of the testimony which has been presented. In light of the form in which these documents take, I think it might be wise for Mr. Saunders to comment about 20 minutes on his testimony; rather than question him at that time, it would be wise to hear from the five other organizations and then question all of you after you have testified.

So our first witness will be Mr. Saunders.

STATEMENT OF CHARLES B. SAUNDERS, JR., DIRECTOR OF GOVERNMENTAL RELATIONS, ACCOMPANIED BY JOHN F. HUGHES, DIRECTOR, POLICY ANALYSIS SERVICE, AMERICAN COUNCIL ON EDUCATION

Mr. SAUNDERS. Thank you very much, Senator. I appreciate the opportunity to testify this afternoon. I would like to introduce my colleague, Jack Hughes, who is director of the Policy Analysis Service at ACE.

It's in cooperation with his office that my own office has developed the recommendations which we are presenting to you this morning, and we together have consulted widely with representatives, associations, and individuals throughout the higher education community.

We have reviewed our conclusions with them, and with our own Commission on Governmental Relations, and we believe there is broad agreement on the general thrust of our proposals, as well as on most details, and the other associations as they testify this afternoon, will identify some special areas of emphasis they may have, or some disagreements. But we feel in general the higher education community has a great deal of agreement on what's needed.

I would like to discuss our recommendations on student aid to begin with, and I might say that our recommendations in this area are designed to provide a greater certainty and stability of the current program to clarify their purpose and to simplify their administration, and shift the emphasis of Federal programs from loans to grants and work/study.

I think I should also say that our recommendations are very deliberately designed to build on existing programs, rather than to go in new directions at this time.

And we feel that incremental modification of existing programs is the way to improve them, rather than to suggest entirely new directions for the Federal legislation.

On basic opportunity grants (BOG), we believe first that it's important to clarify the intent of Congress that BOG should be a true entitlement, and that annual appropriations for the program be whatever amounts necessary to award grants in the full amounts to which needy students are entitled.

If students know with certainty the amount of their BOG award, they could make their educational plans accordingly, and this we believe is the only way that the Federal student assistance is going to have the stability it needs, or the BOG program is to have the stability it needs so that it can become, in fact, the basic element of student assistance as it was originally intended to be.

We feel there is an urgent need to adjust the maximum award for BOG's to reflect the increased living costs since 1972. We suggest an increase of $1,400 to $1,600 or $1,800—anything in that range would be a realistic means of providing access to post-secondary education.

We also recommend that the law provide an annual automatic adjustment to reflect changes in living costs in the future.

Consistent with the concept that a student should receive the full amount of the grant for which he is eligible, the present half-cost limitation should be removed. Now, some fears have been expressed that this step would discourage attendance at private institutions, and we feel that if valid steps are taken throughout the structure of Federal student assistance programs to provide not only access but student choice, then there would be no harm resulting to private institutions from that step.

We feel strengthening of the supplemental educational opportunity grants (SEOG) program is a means of providing the critical element of choice, and therefore an essential companion to BOG, and I will emphasize that point again later in my testimony.

To simplify the application process for BOG's we recommend adoption of the concensus model for needs analysis developed by the national task force on student aid problems, the Keppel task force, and we recommend that the law require that the concensus model be used in determining both BOG and SEOG awards.

Adoption of that consensus model would remove from the Commissioner of Education the responsibility for annual determination of family basic living allowances. We also recommend that a national commission be established to conduct an annual review of the criteria for determining the family contribution, and to provide a source of expert opinion to recommend changes to Congress.

On the supplemental grants, with BOG's clearly established as the basic access program, the roll of supplemental opportunity grants (SOG) should be clarified as the essential Federal instrument for providing student choice.

This can be accomplished by raising the minimum SOG grant from $200 to $400 and excluding BOG's from the determination of the other half of aid received by the student. This change, we believe, would shift the proportion of SOG's going to higher private institutions from about one-third as currently exists in the program, to over two-thirds of the total appropriations. This would be, if you will, a quid pro quo to private institutions for the adjustments we're suggesting in BOG's and would provide assurance that sufficient assistance would be available to students, to give them the choice they need of institutions.

Now, identifying SOG's as a principal vehicle for choice, as we propose, makes it all the more important that this program be adequately funded. To assure a balanced funding of the twin objectives of access and choice we propose a minimum appropriation level be established for SOG's at $300 million, or 25 percent of the BOG entitlements, whichever is greater. We do propose that those two appropriations be tied together to assure, as I say, that the Federal system will not only provide access, but choice.

I would like to skip rather briefly over some of the other student aid proposals. On the State student incentive grants (SSIG) we recommend a gradual expansion. We think this program has proved its value. Enlargement of it as an instrument of national policy will carry the obligation to assure comparable national standards of eligibility for State grants.

SSIG should be available to students attending both public and private institutions, but this is not permitted by all States now, and students attending institutions outside their home State, and those attending on less than a full-time basis are excluded from many State programs.

We recommend therefore that by fiscal 1979 portability of the awards, and eligibility of students in most public and private institutions be made conditions for safe participation in the program. This would remove current barriers for full participation, opening all State programs to eligible students, including part-time students who reside in the State, regardless of where they go to college.

States should also be required to maintain their per student effort in support of public and private higher education so that funds would not be shifted into scholarships from institutional support.

I might say that as the SSIG program expands, we believe that it would also be desirable to provide an administrative allowance to the States to conduct that program.

On college work-study, aside from our technical suggestions, we're basically asking for an expansion of the program. The authorization level currently falls considerably short of existing program need, and we recommend an increase to reflect those needs.

I'd like to talk briefly about our proposals for the loan programs, and we're very concerned at the way in which over the last few years the balance of the grants and loans has swung heavily in favor of loans. Low-income students, particularly at private institutions have been forced to borrow to pursue an education to a degree unforeseen a few years ago, and the prime objective of our recommendations and of our whole student aid package is to redress the balance between grants and loan aid.

To accompany these proposed changes we recommend a series of amendments to simplify and coordinate the loan programs, to make them more effective sources of secondary support, and reduce their impact on the Federal budget, and to free additional funds for grants and work-study.

Specifically on the guaranteed loans, we recommend that the interest subsidy be ended, and that all school interest payments by students be deferred and added to the loan principle to be repaid by the student after graduation. This would result in an eventual reduction in approximately $225 million in annual Federal budget outlays for interest subsidies which could be applied to other student assistance programs.

We recognize there have been serious abuses of the lending authority by some institutions in the past, and that tighter restrictions on eligibility are indicated. We support the recommendations of the Office of Education for due diligence requirements, and other administrative remedies which would enable any institution to function effectively acting as an eligible lender.

On the national direct student loans (NDSL), we propose that the terms of NDSL be conformed to the terms and conditions of the guaranteed loan program. We recommend specifically that the 3 percent NDSL interest rate be increased to 7 percent, and that the programs cancellations provisions be eliminated, except for death and disability, and that the aggregate debt limits and repayment conditions be made consistent with those of the guaranteed student loan (GSL).

I might say at that point that this is an illustration of the extent to which our recommendations constitute a package. Were it not for the other proposals made for improvements in the grant programs, we would not be suggesting to you that the current 3-percent subsidy or the 3-percent interest rate be removed on the NDSL. But in the context of the total package, we think it's justifiable as you are placing greater emphasis on grants to conform the terms of the two loan programs and to end what, in effect, now is a dual system of payment for graduates of institutions depending on what kind of loan they were able to obtain while they were in college.

I'd like to stress the importance of our recommendations on the administrative costs allowance. As you know, the campus based programs currently provide for a 3-percent administrative cost allowance, and the basic grants program does not, and neither does the guaranteed loan program.

All of these programs require the institutions to perform essentially the same administrative functions for students and we have documented to a considerable degree the extent to which these administrative costs provide a burden to the institutions for their administration.

We cite some of these examples in our testimony and we have other data that we can provide the committee. But the essence of our proposal on the basis of the data that we mention in the testimony is that we recommend that the present administrative cost allowance be extended from the campus based programs to BOG's and raised from 3 to 5 percent of the student aid, or $50 per federally aided student, whichever is larger. The allowance should be earmarked exclusively for administration of student aid programs, and also we recommend that a flat administrative fee of $10 per federally insured loan be provided to help meet the special administrative costs of the guaranteed loan program.

On cost of education, we feel very strongly that the cost of education payments are a high priority for the higher education community. We feel the Federal Government has the responsibility to share in the additional costs of federally aided students, although this responsibility is denied by current administration policy it has been recognized by congress in authorizing the cost of education payments in section 419 of the 1972 amendments.

One of the obstacles to funding of the present authority is that complexity of the formula is apparent, and we propose that the formula be simplified to a flat $200 per student (unduplicated) count of undergraduate recipents of BOG's, SOG's, or work-study and NDSL, subject to pro-rata reduction when appropriations are insufficient.

I have a brief summary, Senator, of our recommendations for student aid, and I would like to insert that in the record in my testimony.

Senator HATHAWAY. Without objection it will be included in the record at the conclusion of your testimony.

Mr. SAUNDERS. As far as the whole range of other programs in the Higher Education Act and other related legislation dealing with higher education, I would like to discuss those briefly.

On graduate programs, we feel that the strengthening of graduate education is a high national priority. My understanding is that Mr.

Kidd, speaking for the Association of American Universities, will discuss the proposals to promote change in graduate education and to simplify the fellowship programs in the existing title IX and I will let my testimony stand on that.

On facilities construction, title VII of the Higher Education Act, we feel that while there has been a decreasing need for new construction in recent years, there is an increasingly high priority to meet the needs in the higher education community for renovation, conversion and replacement of the facilities to make them more energy efficient and to conform to new standards of employee safety and health, and to meet new requirements to provide access to the handicapped.

We feel that the existing title VII should be amended to reflect those new priorities, and we have spelled out in the testimony some of the implications of these needs and the large costs ahead of us to redesign buildings and to make them more energy efficient, to meet current safety standards.

We also suggest that the committee may want to consider the desirability of consolidating title VII and the existing authority of the Department of Housing and Urban Development for construction of dormitories.

On language and area studies, the American Council's International Education project is now in the process of completing an extensive study of the needs in the international studies field, and they have derived a series of recommended steps to meet those needs.

The report is now being prepared for publication, and I do have an abstract of its findings and I'd like to include this in the hearing record at this point. That abstract does include, as my testimony summarizes, some specific suggestions for modification of the language and area studies program, and the kinds of modification proposed we feel that it is unnecessary to continue the authorization for the International Education Act.

Senator HATHAWAY. Without objection it will be so included in the record at the conclusion of your testimony.

Mr. SAUNDERS. Title I of the Higher Education Act, continuing education, we recommend renewal of the authority and an amendment to place greater focus on the priorities of continuing education to meet the growing needs of the adult population.

On libraries, title II, we recommend a new part C of that program embodying the Carnegie Council's recommendations for a program to support large research libraries.

On title III, developing institutions, we feel specific authority to the advanced program now being conducted by the Office of Education should be written into the law, and we recommend amendment of the legislation to state an exclusive priority for institutions serving high proportions of low-income and minority students in the award of grants. This is needed, we feel, to clarify the purpose of the program.

We have a series of recommendations on title V of the Education Professions Development Act (EPDA), to bring about a shift in emphasis of the act to more of a qualitative concern to provide incentives to expand faculty development opportunities, continuing education programs, to retool, upgrade and requalify existing teaching staffs to meet the needs of new students, such as mature adults, homemakers, blue-collar workers, and others previously not reached by the higher education system.

Programs for development of new faculty should be refocussed to place emphasis on increasing the pool of qualified women and minority groups in the teaching professions, and there's also an increasing need for the development of programs to train or upgrade student aid administrators and other management personnel.

On occupational education, title X, of the Higher Education Act, we would like to call the committee's attention to our views on title X, part B, occupational education, and we feel that that authority should be incorporated into the basic vocational education authority. I understand this committee has already held hearings on vocational educational legislation.

We feel it's important that the law provide for a more realistic proportion of Federal vocational funds be directed to the postsecondary sector. The existing 15-percent set-aside in the Vocational Education Act for postsecondary programs doesn't begin to approach the 35- to 40-percent postsecondary programs reflected in what is being funded currently.

And we also believe that the planning of occupational programs should not be conducted in isolation, but should be coordinated with other programs in the postsecondary level. While present vocational legislation requires a single State agency to administer and plan the use of Federal funds, in fact, most States agencies with responsibility for vocational education do not have responsibility for postsecondary education, therefore we recommend that the present requirements for a sole State administering agency be amended to require appropriate participation of agencies having the responsibility for postsecondary education, and for the planning and approval of occupational vocational programs.

We also feel that existing vocational programs at all levels have been seriously deficient in the provision of equal opportunities for women, and have made a number of specific recommendations for amendment of the legislation to place greater emphasis on the overcoming of sex bias in vocational programs.

I'd like to conclude with a brief discussion of the problems of organizing the education division.

Senator JAVITS. Senator Hathaway do you mind a very brief interruption? Senator Pell has just arrived.

Mr. Chairman, I ask unanimous consent that questions may be put to this and other witnesses in writing, and we be advised when the replies are received.

Senator PELL. Without objection, that will be done.

Mr. SAUNDERS. While the 1972 amendments established the Office of the Assistant Secretary for Education as the Director of the Education Division the resulting reorganization actually diminished the authority of the Commission by placing a new bureaucracy between the Commissioner and the Secretary. At the same time responsibility for most education programs was retained in the Office of the Commissioner rendering the Assistant Secretary virtually powerless without program authority.

The Education Division should be headed by a single official with higher rank and with clear authority for all the programs of the division. We recommend that this be accomplished by providing executive level 3, Under Secretary, rank for the head of the division, who would be designated Commissioner of Education to restore the historic significance of the title as a principal Federal education official.

We also recommend that deputy commissioners be provided at executive level 4, Assistant Secretary rank, in five functional areas, elementary and secondary education, postsecondary education, handicapped, occupational adult, and research.

The Deputy Commissioner for Research would serve as Director of the National Institute of Education (NIE). In effect, these steps would abolish the Office of Education and reconstitute the education division as a single, unified agency with greater status in the HEW bureaucracy.

Under this proposed reorganization the National Center for Educational Statistics and the Management Functions Division would be located in the Office of the Commissioner, so that the Fund for the Improvement of Postsecondary Education would be located in the Office of the Deputy Commissioner for Postsecondary Education.

We strongly support the reauthorization of the fund, and equally strongly, the reorganization of NIE. We feel the administration has made specific recommendations for amendment of NIE's legislative authority to clarify the general areas of priority for research, and we support the recommendations, although we strongly oppose the administration's unduly restrictive request that NIE funding be authorized at the level of $80 million. An open-ended authorization should be provided and funding of the Institute should be justified annually on the merits of its work, and the needs for education research.

Our concluding recommendations are for the expiration of several unfunded authorities which we feel are no longer needed, providing our recommendations made elsewhere in the document are made, and in closing, Mr. Chairman, I'd just like to stress once again, that we see these recommendations as a package, which they are all closely interrelated, and we'd be most appreciative of the chance to work with you and your staff in the developing of specific changes to this end.

Senator PELL. Thank you very much, Mr. Saunders. I thought we'd go right through the witnesses, and then perhaps touch on questions, although naturally, any member who feels he needs to ask questions at the time should.

[The prepared statements of Mr. Saunders and Mr. Hughes together with previous information referred to follow:]

STATEMENT

to the

SUBCOMMITTEE ON EDUCATION

COMMITTEE ON LABOR AND PUBLIC WELFARE

UNITED STATES SENATE

July 15, 1975

by

Charles B. Saunders, Jr.
Director of Governmental Relations

and

John F. Hughes
Director, Policy Analysis Service

American Council on Education

Mr. Chairman and Members of the Subcommittee:

We appreciate this opportunity to present detailed recommendations for amending and extending the Higher Education Act. Our recommendations, based on formal policy positions of the American Council on Education, have been developed jointly by ACE's Policy Analysis Service and Office of Governmental Relations.

In the process we have consulted widely with representative associations and individuals throughout the higher education community, and reviewed our conclusions with ACE's Commission on Governmental Relations. We believe there is broad agreement on the general thrust of our recommendations, as well as on most details. Our recommendations to improve the student assistance programs of Title IV, in particular, constitute an interrelated package of proposed improvements which we hope will be considered as a whole:

I. STUDENT ASSISTANCE

We recommend a series of changes in Title IV designed to provide greater certainty and stability of current student aid programs, clarify their purpose and simplify their administration, improve their coordination and shift the emphasis of Federal programs from loans to grants and work-study. In developing our proposals we have been mindful of Chairmen Pell's stated view that changes in Title IV at this time should involve incremental adjustments to improve existing programs, not major restructuring of a system which has not yet been completely tested.

We agree that the landmark 1972 Amendments deserve to be fully implemented before major changes are considered. Our recommendations, therefore, are intended to build on the existing Federal student aid programs in ways which would improve their capacity for achieving their goals of equal access and choice in post-secondary education.

Basic Education Opportunity Grants

The Basic Grant program authored by Senator Pell was originally envisioned (as the name implies) as the basic foundation on which all student aid would be built. Unfortunately, this intent has not yet been realized, due to inadequate funding and the complex administrative problems of inaugurating such a large and important new program.

We are hopeful that a precedent for adequate funding of BEOGs has been set by the U.S. Office of Education's recently-announced payment schedule for awarding of grants in the coming academic year, which would for the first time provide grants up to the maximum of $1,400. However, we believe it is important to clarify the intent of Congress that BEOGs should be a true entitlement, and that the annual appropriation for the program should be whatever amount is necessary to award grants in the full amount to which needy students are entitled. This would eliminate the current complex reduction schedule which reduces student grants when appropriations are insufficient.

If students could know with certainty the amount of their BEOG, they could make their educational plans accordingly, just as veterans now do in the knowledge of what GI benefits they are entitled to receive. This would give the program the additional stability it needs before it can in fact become the "basic" element of student assistance. With a guaranteed entitlement and an equitable family contribution schedule, not only the neediest students but those from hard-pressed middle-income families would receive important assistance which would form a reliable foundation for planning to meet their educational needs.

There is also an urgent need to adjust the maximum award for BEOGs to reflect increased living costs since 1972. If BEOGs are to become, in reality, the foundation for basic access to postsecondary education, the maximum should be increased to $1,600 or $1,800: either amount would be sufficient to put any needy student at the door of a postsecondary institution, assuming that average national noninstructional cost of attendance of $2,100 is offset by some student self-help. Whatever amount is set as the maximum, we recommend that the law provide an annual automatic adjustment to reflect changes in living costs.

Consistent with the concept that a student should receive the full amount of the grant for which he is eligible, the present half-cost limitation should be removed. As the Carnegie Council has emphasized, this provision is inconsistent with the BEOG objective of ensuring equality of opportunity: it reduces the grant for needy students attending low-tuition institutions, but does not affect eligible students attending higher-priced institutions. This penalty for choosing low-tuition programs does not constitute equity to needy students.

Some fears have been expressed that a removal of the half-cost provision might discourage attendance at private institutions. We find no substantial grounds for this concern, if balanced steps are taken to provide not only student access to postsecondary education, but student choice among public and private institutions. We view strengthening of the SEOG program as the means of providing this critical element of choice, and therefore an essential companion to our recommendations for clarifying the role of BEOGs as providing student access.

It is important to recognize that many private institutions are facing serious financial difficulties. However, appropriate measures to sustain them should not penalize students, either through increasing tuition or artifically limiting the amount of aid available to those attending low-priced institutions. We believe that our total package of recommendations is responsive to the needs of all students, and to the needs of both public and private institutions.

We have suggested that participation in BEOGs would increase substantially if the uncertainty of funding and the complexity of the application process could be cleared up. We have proposed making BEOGs a true entitlement to remove the uncertainty of funding. To simplify the application process, we recommend adoption of the consensus model for needs analysis developed by the National Task Force on Student Aid Problems (Keppel Task Force), by requiring in law that it be used in determining both BEOG and SEOG awards.

Substantial progress has been achieved by the Task Force in bringing about consensus among the private agencies engaged in student needs analysis, including the College Scholarship Service and the American College Testing program. Agreement has been reached by these groups on the criteria for taxing family income for educational purposes, as well as on the delivery mechanism for student awards. What remains to be accomplished is the coordination of the Federal Basic Grant award system to this consensus model. We urge that Congress provide the coordinating impetus through legislation.

If this were done, a student's BEOG could be derived simply by subtracting the expected parental contribution determined by the model from the maximum grant. The SEOG would be derived by determining the costs of attending a specific institution, less parental contribution as defined by the model, and other aid. Adoption of the consensus model would remove from the Commissioner of Education the responsibility for annual determination of family basic living allowances. We also recommend that a national commission be established to conduct an annual review of the criteria for determining the family contribution, and to provide a source of expert opinion to recommend changes to Congress.

To make possible a September 1 publication date for the family contribution schedule, as recommended by the Keppel Task Force, the date for establishing the schedule should be advanced to July 1 of the previous year for which it is applicable. This would give Congress 45 days to approve the schedule.

Supplemental Educational Opportunity Grants

With BEOGs clearly established as the basic access program, the role of SEOGs should be clarified as the essential Federal instrument for providing student choice. This can be accomplished by raising the minimum SEOG grant from $200 to $400, and basing the award on the full cost of attendance not to exceed the lesser of $1,500 or one-half the amount of other aid received by the student, excluding the BEOG. The effect of this change would be to shift the proportion of SEOGs going to higher-priced institutions from about one-third to over two-thirds of the total appropriation.

Clarifying the respective roles of BEOGs and SEOGs should make the purposes of the two programs more readily understood. Identifying SEOGs as the principal vehicle for choice, however, makes it all the more important that this program be adequately funded to insure that needy students have a genuine choice of attending higher-priced institutions.

To assure balanced funding of the twin objectives of access and choice, we propose that a minimum appropriation level be established for SEOGs at $300 millio or 25 percent of the BEOG entitlement, whichever is greater. To simplify the allocation of SEOG funds, we suggest that the appropriation authorization be revised to combine first-year grants and continuing grants, rather than maintain separate authorizations.

If the consensus model for needs analysis is used by the institution to determine the amount of the student's SEOG, as proposed above, students would be able to use a single form to apply for determination of their BEOG entitlement and the amount of SEOG their institution would award after consideration of other non-BEOG aid, parental contribution, and self-help. To assure that the neediest students receive priority in awarding of SEOGs, we recommend that institutions be required to make grants on the basis of the relative need of their students, instead of the current finding of "exceptional need."

To provide greater flexibility in the use of SEOG funds, we recommend that institutions be authorized to carry over 5 percent of program funds to the next fiscal year, and to increase the transferability of funds between SEOG and College Work-Study from the present 10 to 20 percent.

State Student Incentive Grants

Since the State Student Incentive Grant program was established in the 1972 Amendments, the states have made impressive progress in developing their own student aid programs. In FY 1975, state awards to 800,000 students reached a level of $457 million, as compared to $289 million in 1971. A total of 23 states have adopted new scholarship programs since 1972. We feel that this trend should be encouraged, and that states should assume a growing share of responsibility for assuring student choice of postsecondary education. Therefore, we recommend a gradual expansion of SSIGs from an annual authorization of $150 million in FY 1977 to $350 million for both new and continuing grants by FY 1981.

Enlargement of this program as an instrument of national policy necessarily carries the obligation to assure comparable national standards of eligibility for state grants. SSIGs should be available to students attending both public and private institutions, but not all states now permit this. Students attending institutions outside their home state, and those attending on less than full-time basis, are excluded from many state programs.

We recommend, therefore, that by FY 1979, portability of awards and eligibility of students at both public and private institutions be made conditions for state participation in the program. This would remove current barriers to full participation, opening all state programs to all eligible students (including part-time students) who reside in the state, regardless of where they go to college. States should also be required to maintain their per-student effort in support of public and private higher education, so that funds would not be shifted into scholarships from institutional support. As a further condition of eligibility by FY 1979, we would require states to take adequate measures to inform secondary students of the availability of scholarship awards, and encourage them to continue their education. This would stimulate greater coordination between secondary school counseling activities, Educational Opportunity Centers, and postsecondary institutions.

College Work-Study

Opportunities for work are an essential element in the packaging of student assisatnce. The existing $420 million authorization level for CWS, however, falls far short of existing needs: at least $100 million short of regional panel recommendations for the current academic year. We propose that the authorization be increased gradually from $550 to $700 million to reflect actual program needs for 80 percent Federal matching funds. Payment of minimum wages should be required, and flexibility in the use of CWS funds should be encouraged by authorizing institutions to carry over 10 percent of funds to the next fiscal year or borrow up to 10 percent of their allotment from the succeeding year, and by increasing transferability with SEOG funds from 10 to 20 percent.

Demonstration grants should be authorized to fund staffing of Job Creation Programs at institutions or consortia. Language should be added to the general authority encouraging part-time employment in projects designed to improve community services or solve particular problems in the community, and the unutilized authority for Work-Study for Community Service should be allowed to expire. Anything which could be done under this authority could as well be done under the funded provisions, except for its 100 percent Federal funding.

Special Programs for the Disadvantaged

We recommend an increase in the authorization from $100 million to $150 million, and an increase in the monthly stipend for Upward Bound enrollees from $30 to $40.

We also recommend a suggestion made by the New York State Department of Education, to add a new authority for demonstration grants to states to supplement the present Special Programs for the Disadvantaged by broadening the concept of Educational Opportunity Centers. Grants would be for planning and operating statewide systems of EOCs beyond areas presently served, to reach prospective students in all areas of the state. All postsecondary institutions would be encouraged to participate. This proposal would effect better coordination between high schools and postsecondary institutions, and improve the dissemination of information on scholarship opportunities to all high school students.

Cooperative Education

Here too, we recommend an increased authorization to make the existing program more effective. We propose an increase from the present $10 million to $25 million, raising the maximum grants to institutions from $75,000 to $350,000 and raising the authorization for training and research from $750,000 to $1 million. We also suggest the addition of language giving priority to institutions whose proposals demonstrate favorable reception in business and industry, and which show by their size and scope the institution's commitment to cooperative education

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In the absence of sufficient grant aid funds, lower-income students (particularly at private institutions) have been forced to borrow to pursue an education to a degree unforeseen a few years ago. A prime objective of our recommendations for BEOGs, SEOGs, and SSIGs is to redress the balance between grant and loan aid. To accompany these proposed changes, we recommend a series of amendments to simplify and coordinate the loan programs, make them more effective sources of secondary support, and reduce their impact on the Federal budget to free additional funds for grants and Work-Study.

Guaranteed Student Loans

The dual nature of the current Guaranteed Student Loan Program, which provides both subsidized loans for students with family income under $15,000 and unsubsidized loans for all others, is one source of this program's cost and complexity. Interest subsidies not only lend themselves to abuse and inequities, but are inconsistent with the view that student loans should provide only minor assistance for needy students, and should serve as a major form of assistance only for students from middle- and upper-income families who cannot qualify for grants.

We recommend that all in-school interest payments by students be deferred. We endorse the proposal of the National Association of Student Financial Aid Administrators and the American Bankers Association that in-school interest payments be made to lenders by the Federal government, and added to the loan principal to be repaid by the student after graduation. This would result in an eventual reduction of approximately $225 million in annual Federal budget outlays for interest subsidies, which could be applied to other student assistance programs. While this would involve a continuation of Federal appropriations to advance interest costs, repayments would offset it in time and the heavy subsidy costs would be ended.

We recognize that there have been serious abuses of the lending authority by some institutions in the past, and that tighter restrictions on eligibility are indicated. We support the recommendations of the Office of Education for due diligence requirements and other administrative remedies which would enable any institution acting as an eligible lender to function effectively and responsibly. We also endorse the proposal of the Consortium on Financing Higher Education that institutions be permitted to continue to serve as lenders, providing they can demonstrate the adequacy of their full-time financial aid staff. This would qualify those institutions with particular need for student credit: the higher-priced colleges and universities with national student bodies and major emphasis on graduate education. In order to admit and support diverse student bodies, these institutions have special needs for student credit which most state guarantee agencies do not meet. Such institutions generally have the professional capability and financial sophistication required to act as lenders.

For institutions which can meet the stricter eligibility criteria, it would be desirable to expand their access to loan capital by permitting them to sell loan paper at discount to the Student Loan Marketing Association (SLMA). We would also recommend that the special allowance to banks be adjusted automatically based on the interest of short-term Treasury notes, instead of the cumbersome rate-setting procedures which now requires a quarterly administrative decision from the Department of Health, Education and Welfare.

National Direct Student Loans

As the Consortium report pointed out, "NDSL has evolved over the years to the point where it has become a general purpose loan program serving a student population similar to that served by the larger GSL program. The main differences between them are the interest rates, the NDSL cancellation provision, and most importantly, the different mechanism by which capital is made available."

Some have suggested that the two loan programs be consolidated into one. We believe it is premature to take such a step until other reforms have been put in place and it is clear that grant payments are liberalized and that the ready availability of loan funds is assured. At the same time, it is desirable to conform the terms and conditions of the two programs in order to achieve simplicity and wider coverage of the Federal loan structure. We recommend, therefore, that the 3 percent NDSL interest rate be increased to 7 percent; that the program's cancellation provisions be eliminated except for death and disability; and that the aggregate debt limits and repayment conditions be made consistent with those of the GSL program.

We believe it is important that institutions be required to exercise care in making and diligence in collecting student loans as a condition for continuing to receive capital contributions. We also recommend that institutions which meet the standards of the guaranteed loan program be granted the option to give up NDSL capital contributions in exchange for the guaranty provisions of GSLP/FISLP and access to SLMA for purchasing and warehousing of paper, so that they can recycle their loan funds under the new terms.

Such changes in NDSL would be made without penalty to current students, since no in-school interest is paid under the program in any case. New loans made under the new terms would require increased interest payments once they came into repayment status, but the first-year interest difference between 3 percent and 7 percent on a $2,400, four-year loan is $96--scarcely a heavy additional burden for a college graduate two years out of school. This would end the current arbitrary and inequitable distinction between recipients of Federal loans, and would accrue an additional $150 million a year in interest that could be converted to loan assistance to more students.

Administrative Cost Allowance

The Federal government has become the senior partner with the states and institutions in providing financial aid to meet the student costs of post-secondary education. Of the national total of $6.4 billion expended for this purpose in FY 1975, the Federal government provided $5.1 billion, including veterans benefits and social security entitlements. Of the approximate 4.4 million students who received financial aid in 1974-75, 3.6 million were Federally-aided--of which 1.8 million were supported by USOE programs.

Clearly the Federal government has a major investment in the students it is aiding to complete a higher education. It should, therefore, be a Federal concern to assure that student aid funds are administered fairly and professionally. We recommend an increased administrative cost allowance to provide this assurance.

Institutions must perform a variety of functions in administering Federal funds and assisting Federally-aided students. These functions include recruitment of eligible students, counseling on available programs of support, assistance in completing application forms, performance of needs analysis, packaging of assistance to provide suitable and equitable support, provision of necessary remedial services, training of staff in the policies and practices of financial aid programs and appropriate procedures for fiscal and program accounting, and collection of loans.

Yet, while Federal student aid programs have greatly expanded, they have not recognized the institutional problems of coping with this expansion. Only three of the six major Federal assistance programs provide administrative cost allowance: the campus-based NDSL, CWS, and SEOG programs, which allow institutions to allocate 3 percent of their allocations for administrative costs. The two largest programs, BEOG and FISL, do not provide administrative costs--presumably because they are not "campus-based." However, institutions must perform exactly the same administrative functions for students in these programs as for others to help them meet their expense budgets.

As a result, student aid administration suffers from poor performance in many institutions. A strong effort is needed to elevate the status and improve the training and staff of student aid officers, who frequently have insufficient resources and expertise to give students the assistance they need to make decisions on college enrollment and the financing of their education. Two-thirds of all institutions have only one person or less working on student financial assistance.

We believe it is prudent policy for the Federal government to provide administrative allowances which are sufficient to support the functions necessary for equitable and efficient use of student aid funds, and to hold the institutions accountable for their performance. We recommend, therefore, that the present administrative cost allowance be extended from the campus-based programs (SEOG, CWS, NDSL) to BEOGs, and raised from 3 to 5 percent of student aid, or $50 per Federally-aided student, whichever is the larger. The allowance should be earmarked exclusively for administration of student aid programs. In addition, we recommend a flat administrative fee of $10 per Federally-insured loan to help meet the special administrative costs of the Guaranteed Loan Program.

We justify this proposal on the basis of data from three sources. A National Association of Student Financial Aid Administrators analysis of the costs of administering BEOGs shows that institutions now spend an average of $30 per

BEOG applicant for that one program alone, although they receive no funds for this purpose. A special ACE study of student aid administration in five representative types of institutions reveals that administrative costs of all Federal programs range from $27 to $46 within the student aid office--not including fiscal, counseling and other services performed outside that office. A cost analysis of 47 small colleges conducted by the Council for the Advancement of Small Colleges shows an average direct cost of $42 per aided student, and a range going up to $112 per student.

We conclude that a $50 allowance would approximate the cost of services generated by the Federal programs, and make it possible for institutions to provide the quality of performance needed. The 5 percent option would provide an alternative to the flat $50 allowance which might be more favorable to private institutions.

We would include veterans in the unduplicated count of aided students, because they require the same services in administering financial aid and counseling on packaging of assistance. This step would make it possible to allow the existing Veterans Cost-of-Instruction program to expire.

By way of comparison of Federal policy for recognizing administrative costs of grant programs, we find that in 1974 USOE made administrative cost payments to state and local educational agencies which represented 8 percent of the amount of Federal grant funds paid to such agencies for elementary and secondary program purposes. This allowance stands in direct contrast to the current partial allowance of 3 percent for student aid administration.

Cost-of-Education

In addition to incurring the administrative costs of aid programs in enrolling Federally-aided students, public and private institutions alike must meet the cost-of-education for these students over and above costs which are covered by tuition and fees.

The average instructional costs from tuition and from other sources in 1974-75 were $1,388 per student at public institutions and $1,752 at private institutions. On the basis of total educational costs (excluding research and other outside-funded activities), the figures are $2,253 per student at public institutions and $3,268 per student at private institutions.

The Federal government has a responsibility to share these additional costs of Federally-aided students. Although this responsibility is denied by current Administration policy, it was recognized by the Congress in authorizing cost-of-education payments in Section 419 of the 1972 Amendments.

Funding of cost-of-education payments remains a high priority for the higher education community, particularly as Federal student aid is shrinking as a percentage of the cost of instruction covered by tuition: Federal grants averaged 69 percent of per student tuitions in 1971, but only 53 percent in 1974. Thus, institutions in recent years have had to pay a larger share of student assistance out of their own revenues, which in turn strains their capability to meet the full education costs of Federally-aided students, and compounds their already serious fiscal problems.

As the financial pressures now building on public and private institutions increasingly call into question their capacity to maintain educational quality, and even their very capacity for survival, unding of cost-of-education payments becomes increasingly critical. One of the obstacles to funding of the present authority, however, is the complexity of the formula, which weights institutional payments according to total enrollment, graduate enrollment, and the number of Federally-aided students. The complicated apportionment produces an inequitable distribution of funds in relation to the numbers of Federally-aided students.

Therefore, we recommend that the formula be simplified to a flat $200 per student (unduplicated count) payment of undergraduate recipients of BEOGs, SEOGs, CWS, and NDSL, subject to pro-rata reduction when appropriations are insufficient. Such a payment would be appropriate, since the Federal government would be helping to cover the nontuition institutional costs of Federally-aided students which are now being met by states, institutions, and private donors, who would continue to pay the largest share for these students. The provision would include a maintenance of effort clause to avoid the shifting of institutional support from other public sources to the Federal government.

We believe that this simplification of the formula would improve the prospects for funding of cost-of-education payments to institutions, which is our highest priority after assuring postsecondary access and choice for all eligible students.

II. OTHER HIGHER EDUCATION PROGRAMS

With regard to the extension of other categorical authorities contained in the Higher Education Act and related legislation, we make the following recommendations:

Graduate Programs (Title IX HEA)

The provisions of the Education Amendments of 1972 relating to graduate education have become outdated, and include a collection of *ad hoc* changes adopted by amendment over a period of years.

The provisions were based upon assumptions that were correct in earlier years, but which are now no longer valid. The first assumption is that the nation faces general shortages of highly trained persons. The second assumption is that a primary requirement is for Federal fellowship support to increase the number of graduate fellowships for careers in postsecondary education.

Changed circumstances have brought new priorities that should be reflected clearly in the law to insure that the vital public interest in the state of graduate education is maintained. There is general agreement that this is an area which requires national perspective, and cannot be relegated to the states.

Over at least the next decade, the primary need in graduate programs will not be expansion of output but elevation of the level of quality of graduate education, modification of graduate programs to meet the needs of society and modification to meet the needs of new kinds of students. The law should reflect these priorities.

The ad hoc amendments adopted over the years have generated anomalies and inconsistencies among different Federal fellowship programs. In the interest of administrative economy and equity to fellowship recipients, the detailed specifications of various fellowship programs should be rationalized.

Our proposed amendments are directed towards removal of all of these deficiencies.

Grants to Enhance the Quality and Usefulness of Graduate Programs (Title IX, Part A)

Traditional graduate education tends to stress the training of students for research and teaching in academic fields. There are going to be fewer of these jobs in the future. At the same time, the nation has an urgent need for practice-oriented professional degree programs which prepare students to deal with problems such as energy, the environment, and the needs of the cities. Moreover, there are large new segments of society seeking graduate education: older and part-time workers in particular. All these factors indicate the need to transform substantial parts of graduate education through the revamping of curricula, the designing of new courses, establishment of new relationships with industry and government, and the creation of new problem-oriented entities within the university.

While these changes are being brought about, it is necessary to concentrate upon maintenance and elevation of standards in graduate education. "Better" rather than "more" must be the guide over the coming decade.

The adaptation of graduate education to new goals will be inadequate without outside assistance. The universities simply do not have resources adequate to reorient graduate education on the scale and within the time required. The Nation needs the research and trained people provided by these reoriented graduate programs.

Much more than provision of fellowships to graduate students is required. New sequences of study must be designed. Faculties from different departments must be brought together. Research must be integrated with training. All of these require substantial funds.

The needs of society that can be met with the aid of graduate programs encompass graduate work appropriate to the needs of new types of students--part-time students, older students and students in need of specially designed refresher courses. This kind of adaptation is in the interest of society as a whole, and it is also often beyond the capacity of universities to design and carry out without special assistance.

The existing Part A of Title IX--Grants to Institutions of Higher Education--does provide for such assistance. However, the existing provisions do not state clearly the current priorities, and they perpetuate some outmoded priorities. Accordingly, amendments are needed. For example, expansion of graduate and professional programs is no longer an appropriate purpose of grants and reference to this as one goal of Part A should be deleted. The goal of aiding graduate schools to change should be further stressed. As another example, the principle that institutions should bear part of the cost of such programs is sound, and this is provided for. However, the law contains a rigid cost sharing formula which should be replaced by a clause providing for greater administrative discretion in determining cost sharing.

Most important, the title should contain positive provisions designed to sanction and support the kinds of change outlined above.

Part A now has a general provision authorizing Federal financial assistance to prepare graduate and professional students for public service. This provision should be retained and supplemented by a clause authorizing assistance for providing clinical experience. This is needed in many professional fields, and particularly in law. The health professions should be excluded because this is an area of prime concern to another part of HEW--the National Institutes of Health. With broader authority to encourage clinical experience programs in Title IX, the categorical authority for Law School Clinical Experience under Title XI could be allowed to expire.

Fellowship Programs

Four separate fellowship programs are now authorized in Parts B, C and D of Title IX. Part B authorizes fellowships for the support of future college teachers. Part C provides public service fellowships. Part D provides fellowship support for disadvantaged students and also for students with career interests in mining conservation.

As the statute now exists there are separate sets of terms and conditions for those authorized fellowship programs. We believe that such differences serve no useful purpose and in fact are inconsistent in their treatment of students and institutions. We propose that Title IX be amended to assure that these terms and conditions--such as stipends, allowance for dependents, length of fellowship, restrictions to full-time students, need for geographical distribution, etc.--are similar for the four fellowship programs.

In brief our amendments would set down the following conditions for each of the four programs:

1. The program would be authorized for five years.
2. Fellowships would normally be held for three years.
3. A 12-month fellowship extension may be allowed by the Commissioner.
4. Fellowship holders would be allowed a one year leave of absence without financial support to engage in work, study or travel related to their academic program.
5. Part-time employment would be allowed to the extent that it would further the training of the fellowship holder.
6. Fellowships would be awarded over a reasonable geographic distribution.
7. The stipends, allowances for dependents and institutional allowance in lieu of tuition would be set at levels similar to other Federal programs.
8. The fellowships could be awarded directly to students or they could be awarded to approved institutions for subsequent award to students.

The above terms and conditions would be identical for each of the fellowship programs which we propose. Additionally we suggest several more substantive changes in these fellowship parts of Title IX.

Part A of Title IX as currently written establishes a fellowship program for persons interested in a career in postsecondary educational programs. The preparation of college teachers was a primary concern of Federal educational efforts when this legislation was originally signed. It is a tribute both to the

Federal policies and to the graduate institutions that the need for college teachers has been satisfied. The Nation, however, requires and will continue to require individuals trained in the range of fields of national priority. We recommend that Part A be amended to support the preparation of individuals for nonacademic careers in fields of high national priority, such a energy development and conservation and urban and environmental problems, as well as to encourage institutions to accept individuals with varied backgrounds and nonacademic experience.

In addition to fellowships for graduate study for the preparation of students for academic and nonacademic careers Title IX provides support for two categorical programs--public service and mining and conservation--as well as a special program to support graduate study of disadvantaged students. We support the continuing authorization of these three programs with the technical amendments mentioned earlier. Each of the three programs addresses itself to a significant national concern. Public service fellowships will continue the training of our best students to enter careers in the public service. Conservation of our mineral resources with its ultimate relationships to problems of energy and of the environment is a field in which our country desperately requires the infusion of talented professionals.

We endorse the authorization of a fellowship program for the support of graduate students who are educationally or economically disadvantaged. Such a program would complement the institutional grants which are authorized in Part A, and would broaden the authority which now extends only to disadvantaged students in training for the legal profession.

Facilities Construction (Title VII HEA)

Neither the undergraduate nor graduate authorities of Title VII have been funded since FY 1973, reflecting a lower priority for academic facilities construction in recent years. Now, however, a higher priority is justified by growing needs for renovation, conversion, and replacement of facilities to make them more energy-efficient, to conform to new standards of employee safety and health, and to meet new requirements to provide access for the handicapped.

Institutions throughout the country are facing extraordinary increases in the costs of heating and maintaining their buildings, many of which are old and energy-inefficient. The capital costs of redesigning, remodeling, and replacing outdated facilities for these purposes is estimated to be over $8 billion.

In addition, very high expenditures will be required of postsecondary institutions to comply with the standards being promulgated by the Occupational Safety and Health Administration. The cost of facilities compliance alone is estimated at over $3 billion.

Therefore, we recommend that Title VII be extended and amended to replace the current priority on expansion with a new priority for renovation, conversion, safety, and replacement of facilities.

As the Subcommittee explores the current state of facilities needs in the academic community, we also suggest that it consider the desirability of consolidating Title VII and the existing authority of the Department of Housing and Urban Development for construction of dormitory facilities.

Language and Area Studies (Title VI NDEA)

The original purpose of this program was to train a cadre of U.S. citizens and selected academic specialists in the cultures and languages of other countries, and thereby promote the growth of knowledge and information about little-known parts of the world.

In 1972, its legislative mandate was amended to include greater emphasis on international studies at the undergraduate level and to enable teacher training/curriculum development initiatives for K-12 education. However, this significant expansion of authority has not been fully realized due to inadequate funding.

In the 17-year history of Title VI, much progress has been made in diminishing the parochialism of American education. American colleges, universities, and schools have substantially increased the Nation's stock of knowledge about other parts of the world. Despite the efforts and accomplishments to date, however, the gap between the national need for globally-oriented citizens and present reality is growing exponentially. Problems of interrelatedness are increasing, while both public and private support for international education is dwindling.

These needs are identified in a recent study conducted by the International Education Project of the American Council on Education to examine the accomplishments, critical gaps, and future needs in the international studies field, and recommend needed steps for Federal and state governments, private foundations, and U.S. colleges and universities. The report is now being prepared for publication, and I would like to submit an abstract of its findings for inclusion in the hearing record at this point.

ACE's study concludes that, to build upon the efforts to date and enable the American public to cope with ever-increasing global interdependence, there is a two-fold national need which should be reflected in the legislative mandate for NDEA Title VI. The Nation needs both international specialists and international generalists--that is to say, both wise and informed leaders, and a citizenry conscious of global interrelationships and capable of supporting or questioning its leadership.

It is our judgment that these needs can be effectively met through modification of the existing authorizing language, and that new legislation, or continued reauthorization of the International Education Act of 1966, which has never been funded, is unnecessary. It is our judgment also, that the current authorization level of $75 million for NDEA Title VI is adequate to meet the current needs of the program, but requires modification to embrace the two complementary program components.

Therefore, we propose the following changes:

1. A new "Citizen Education" section, 604, should be added, drawing language and insights from the Preamble to the International Education Act of 1966 and from the Bilingual and Ethnic Heritage acts. This new section should provide Federal funds for teacher training, teacher exchange, and preparation of K-12 instructional materials, specifically focused on extending and improving citizen awareness of America's global relations.

In order to assure decentralized and locally determined curricular content, claimants on funds designated for these purposes should include, for example, state and local affiliates of teacher associations and unions, teacher centers, state education departments, intermediate and local education agencies, as well as two- and four-year colleges and universities.

The new section should have a separate authorization of half the total authorized for Title VI: i.e., $37.5 million.

2. The other half of the $75 million authorization should be designated for support of the existing section 602. Expansion of the Language and Area Centers and Programs supported under this section is essential to extend outreach

activities to those segments of the collegiate and university community and other levels of the educational system that are particularly concerned with K-12 education for global interrelationships, and the ACE report urges significant increases in funding for these activities.

Continuing Education (Title I HEA)

The Administration has proposed elimination of this program, and it has never been adequately funded. Nevertheless some 700 institutions are now participating, using the knowledge and skills of their faculties to contribute to the solution of local and national problems and to improve access to postsecondary education for community residents.

We recommend that the authority be renewed, and amended to place greater focus on the priority of continuing education to meet the growing needs of the adult population, particularly through the development and expansion of urban extension programs, especially those tailored to the needs of older citizens seeking part-time occupational retraining or those entering college and/or the job market late in life and therefore having specialized needs beyond the traditional academic programs.

Libraries (Title II HEA)

The College Library Resources program has played a useful role over the years in stimulating the development of modern, efficient college library services, strengthening academic library collections as a national resource, and supporting needed training and research in library sciences.

We recommend a simple extension of Part A (College Library Resources) and Part B (Library Training and Research), and the substitution of a new Part C for the present authority known as the National Program for Acquisitions and Cataloguing (NPAC). This program is administered by the Library of Congress and is now funded through the Legislative Branch Appropriations Act. The Library of Congress has been advised by its general counsel that it can carry on this program under its own authority.

The remaining authority of Part C has primarily assisted research libraries. We would substitute new language embodying the Carnegie Council's recommendation for a program to support large research libraries. As the Carnegie report notes: "Research and graduate education of high quality require access to large research libraries. Financial stringency and exceptionally rapid increases in costs of library materials have resulted in sharp cutbacks in the funds available to many leading university libraries in recent years in terms of constant dollars...

"The case for some degree of Federal government support of large research libraries is precisely parallel to the case for Federal government support of research and graduate education. States cannot capture all the benefits of their support of large research libraries, and this may help to explain why public university libraries have been particularly hard hit by cuts in state appropriations..."

The Carnegie recommendation suggests an initial authorization of $10 million, based on such factors as numbers of doctoral degrees awarded and Federal support of academic science in each institution. We would add a proviso that institutions receiving Part C grants be ineligible to receive Basic Grants under Part A.

Developing Institutions (Title III HEA)

We support the extension of this program which provides assistance to an important group of institutions serving the needs of large numbers of minority and disadvantaged students, and lacking the benefit of adequate public or private support in the past. To strengthen such institutions is to strengthen the entire system of higher education, and the role their graduates can play in the future development of the Nation.

We also support the strategy devised by the Office of Education to implement the program through Basic Institutional Development grants, and Advanced Institutional Development grants for institutions which are at a further stage of development and which require special help to achieve self-sufficiency and financial independence. However, specific authority for the Advanced program should be written into the law.

We recommend amendment of the legislation to state an explicit priority for institutions serving high proportions of low-income and minority students in the award of grants. This would serve to clarify the purpose of the program.

We also recommend an amendment to remove the limitation of 1.4 percent of Title III appropriations designated for institutions with substantial populations of American Indians. In view of the special need for programs to serve American Indian students, this limitation unduly restricts the Office of Education in carrying out the legislative intent.

Education Professions Development (Title V HEA)

We recommend that the Subcommittee review the purposes of Title V in terms of shifting the emphasis of the Act. EPDA was enacted to alleviate both qualitative and quantitative deficiencies in terms of staffing the Nation's schools and colleges. Since the 1960s there has been a preoccupation with providing adequate numbers of school personnel. While technical shortages continue to exist in some geographic and subject matter areas, it is now appropriate to focus on those qualitative concerns which were among the original purposes EPDA was intended to address. Inservice or continuing education, and/or staff development, are the appropriate ways to meet those qualitative ends.

As numerous researchers have noted, our faculties (from elementary school through university levels) are largely in place for the next decade and possibly for the next generation. The declining need for new teachers, limited faculty mobility and reduced attrition levels for teachers curtails the infusion of new ideas into schools and universities. Title V should provide incentives to expand faculty development opportunities and continuing education programs to retool, upgrade and requalify existing teaching staffs to meet the needs of "new students" (mature adults, homemakers, blue-collar workers and others previously not reached through school programs). Programs for the development of new faculty should be retained but largely refocused to increase the pool of qualified women and minorities in the teaching professions. There are also increasing needs for the development of programs to train and/or upgrade student aid administrators and other management and administrative personnel.

We recommend in particular that authority be provided to help schools or colleges of education shift gears to respond to the inservice demands of teachers and other clients. The preparation of teachers for a whole array of nonschool educational settings (preschool, prison, hospital, adult and welfare institutions) is a new need. Such programs should focus upon the retraining of so-called surplus teachers to meet such needs.

In addition, we recommend the retention and expansion of the Teacher Corps (to meet the inservice needs of the inner city teacher and support personnel), the maintenance of the EPDA Council (with an increased evaluation function), and the elimination of the requirement in Part F that graduate programs in vocational education and candidates for those programs be approved by the state board of education. In most cases state boards do not have responsibility for postsecondary education. Prospective students in graduate vocational programs should be able to apply directly to the institution, as in all other teacher training programs, and state boards responsible for vocational education should not have authority for "program accreditation" of postsecondary institutions for purposes of Federal funding.

Occupational Education (Title X HEA) and Vocational Education

While we recommend a simple extension of Title X Part A (Community College Expansion), we believe that the broad purposes of Part B (Occupational Education Programs) should be incorporated into the basic vocational education authority. Society's need for postsecondary occupational programs at the semiprofessional or paraprofessional level is certain to increase in the future, and this will require greater attention to planning and coordination of programs at both the postsecondary and secondary levels.

It is therefore desirable to assure that a more realistic proportion of Federal vocational funds are directed to the postsecondary sector. The existing 15 percent setaside in the Vocational Education Act for postsecondary programs is inadequate. Nationally a minimum of 35 or 40 percent of Federal vocational funds are spent on adult or postsecondary programs, reflecting a dramatic growth of occupational programs in community colleges, four-year institutions, and universities across the country. There has also been a growth in part-time adult students, who now represent a majority of postsecondary enrollments, and whose relative importance is increasing each year. However, the participation of postsecondary institutions in vocational programs varies widely, and in some states the required setaside has not been met and the enormous potential for postsecondary programs has not been realized.

At the same time we do not wish to deprive secondary schools of needed vocational funds they are now receiving. Therefore we recommend increased authorizations to accompany a larger setaside for postsecondary programs, so that higher funding levels would not be achieved at the expense of operating and effective programs at the secondary level.

We also believe that planning of occupational programs should not be conducted in isolation, but should be coordinated with other programs at the postsecondary level. It is particularly important for this planning to take into account the broadening occupational needs and interests of postsecondary students seeking to enlarge their employment opportunities. While present vocational legislation requires a single state agency to administer and plan the use of Federal funds, in fact most state agencies with responsibility for vocational education do not have responsibility for postsecondary education.

Therefore, we recommend that the present requirement for a sole state administering agency be amended to require appropriate participation of agencies having responsibility for postsecondary education in the planning and approval of occupational/vocational programs.

We also believe that vocational programs at all levels have been seriously deficient in the provision of equal opportunities for women. Therefore, we recommend that the legislation be amended to include (a) an explicit statement of purpose to overcome sex bias; (b) a requirement that state plans identify steps being taken to overcome sex bias; (c) a priority in research and exemplary vocational programs for students to determine methods to overcome sex bias; and (d) a stated responsibility of the National and State Advisory Councils to examine problems of sex bias in vocational programs, and to include adequate representation of women in their membership.

Undergraduate Equipment (Title VI HEA)

Until broader institutional assistance becomes available, we will continue to support the extension of this program which is of particular benefit to small- and medium-sized institutions.

General Provisions (Title XII HEA)

We recommend that Title XII be extended, with amendments of sections 1202 and 1203 to provide greater flexibility for states in establishing and conducting Postsecondary Commissions for statewide planning, and to make clear that the Federal government may not dictate to states the structure of their planning agencies.

Organization of the Education Division (General Education Provisions Act)

A central factor in the continuing lack of leadership and support for education from the Executive Branch is the low status of the bureaus and programs of the Education Division in the Department of Health, Education and Welfare: While the 1972 Amendments established the office of Assistant Secretary for Education to direct the Education Division, the resulting reorganization actually diminished the authority of the Commissioner of Education by placing a new bureaucracy between the Commissioner and the Secretary. At the same time, responsibility for most education programs was retained in the office of the Commissioner, rendering the Assistant Secretary virtually powerless without program authority.

The Education Division should be headed by a single official, with higher rank and with clear authority for all of the programs of the Division. We recommend that this be accomplished by providing Executive Level III (Under Secretary) rank for the head of the Division, who would be designated Commissioner of Education to restore the historic significance of the title as the principal Federal education official.

We also recommend that Deputy Commissioners be provided at Executive Level IV (Assistant Secretary) rank in five functional areas: Elementary and Secondary Education, Postsecondary Education, Handicapped, Occupational/Adult, and Research. The Deputy Commissioner for Research would serve as Director of the National Institute of Education. In effect, these steps would abolish the Office of Education and reconstitute the Education Division as a single, unified agency with greater status in the HEW bureaucracy.

Under this proposed reorganization the National Center for Educational Statistics and the management functions of the Division would be located in the off of the Commissioner. The Fund for the Improvement of Postsecondary Education would be located in the office of the Deputy Commissioner for Postsecondary Education.

We strongly support the reauthorization of FIPSE and NIE, the two new instruments of Federal policy established in the 1972 Amendments. Both offer tremendous potential for influencing the efficiency, effectiveness, and adaptability of postsecondary education: the Fund through demonstration of innovative projects, and NIE through research. It is a truism that almost no major national endeavor has received so little in research backup as has education at all levels. As costs increase and the needs of society become increasingly complex, a greater investment should be made in discovering better ways to teach and learn. NIE should be nurtured and given the strength to lead this effort.

The Administration has made specific recommendations for amendment of NIE's legislative authority to clarify the general areas of priority for research. We support these recommendations, but strongly oppose the Administration's unduly restrictive request that NIE funding be authorized at a level of $80 million. An open-ended authorization should be provided, and funding of the Institute should be jusitified annually on the merits of its work and the needs for education research.

Expirations

Several higher education authorities have never been funded. We recommend that Title VIII HEA (Networks for Knowledge) be allowed to expire. If our recommendations for consolidation of the Law School Clinical Experience authority into a broader Graduate Program authority in Title IX HEA were adopted, the separate categorical program of Title XI would no longer be necessary. Similarly, adoption of our recommendations for expansion of NDEA VI (Language and Area Studies) would make it unnecessary to extend the International Education Act.

We would be glad to provide the Subcommittee with further details on all of the above recommendations.

ABSTRACT

of

EDUCATION FOR GLOBAL RELATIONS

A REPORT WITH RECOMMENDATIONS TO

THE GOVERNMENT/ACADEMIC INTERFACE COMMITTEE

from

The International Education Project
American Council on Education
One Dupont Circle
Washington, D.C. 20036
(202) 833-4672

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RATIONALE FOR THE MONOGRAPH: EDUCATION FOR GLOBAL RELATIONS

BACKGROUND

In 1958, a major piece of legislation, the National Defense Education Act, was passed by Congress. Impetus for passage of the bill was provided by the Cold War and Sputnik. Title VI of NDEA provided federal support for language and area studies. The purpose was to train a cadre of U.S. citizens and selected academic specialists in the cultures and languages of other countries -- especially less familiar ones; and thereby to assure a steady stream of responsible information and insights about little known parts of the world to the highest levels of our government.

For nearly two decades, NDEA Title VI has been the major source of support for university-based language and area studies. Yet despite the centrality of international events vis-à-vis our national welfare, the federal government in recent years has seemed insensitive to the need for adequate funding for Title VI (only 20% or less of authorizations at best, and only 10% of campus costs for operating international studies programs.) The Nixon Administration attempted to terminate the program. For several years, only last-minute Congressional action has kept it alive at all.

NDEA Title VI reached its "zenith" when it was funded at a level of $18 million in FY 1969. The current year's appropriation of $14 million (see attachment B) does not even reflect status quo, let alone the impact of serious inflation. The International Education Act of 1966, unanimously passed by the House of Representatives, was designed as a fresh attempt to provide substantial and continuing federal support for education for interdependence. Not one dollar was ever appropriated.

Private foundations have been silent partners in our recent national inattention to international education. Of 30,000 private foundations in the U.S., 2,400 have assets of more than $1,000,000. Yet combined, less than 5% of the support for international and intercultural studies in American educational institutions can be traced to foundation support. This is especially disquieting for, over the quarter century following World War II, a few of the major foundations were critical sources of funds for international studies.

Academics are also part of the problem. On the campuses few funds exist to support collaboration among departments, professional schools, problem-oriented research centers, and area programs. Barriers exist among campus units concerned with language instruction, technical assistance, specialized library holdings, area studies, the professional schools and problem-oriented institutes.

Facing tight budgets, many state legislatures increasingly look upon international education programs in public schools, colleges and universities as "frills." Yet undeniably, state governments are also becoming more aware of international interdependencies. The state of Michigan, for example, maintains a trade promotion center in Brussels and in 1972 led the nation in the value f.o.b. plants for manufactured exports ($3,243.4 million).

Here, then, is the issue before us. America is now inextricably involved in global realities. This nation needs wise and informed leaders and experts who can implement enlightened American policies vis-à-vis the rest of the world. It also needs a citizenry conscious of global interrelationships and capable of questioning as well as of supporting such leaders and experts. The monograph, Education for Global Relations, addresses these central themes and articulates recommendations for federal and state governments, private foundations, and colleges and universities.

Timing of the Report

It is no coincidence that Education for Global Relations was prepared for publication in the year in which the authorizing legislation for both NDEA Title VI and the never-funded IEA expires. The authorization strategy suggested in the report builds upon the historic strengths of the NDEA Title VI legislation, yet attempts to fill critical gaps and anticipate future needs.

The Audience

Education for Global Relations addresses four major audiences:

--- Federal government, both Executive and Legislative branches

--- State governments and officials

--- Private foundations

--- Educators at all levels

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Abstract of Chapter II: The National Need for Public Understanding

The attitudes and behaviors of two kinds of publics in the United States substantially affect this nation's capacity to cope with global interrelationships:

--- the general citizenry

--- specialized political and economic interests

The values and the perceptions of reality of the former set effective limits to the discretion of foreign-policy makers, and have vast long-range consequences for world peace, for the quality of life on the entire globe, and for human survival itself.

Within this general citizenry are a series of smaller "publics" who are intimately related to global affairs:

--- American legislators and other public officials;

--- American members of multi-national corporations;

--- industrial, labor, commercial, and farm interests affected by foreign demand and competition;

--- nationality, racial, and ethnic groups attached by history, culture, language, and sentiment to particular countries and areas of the world;

--- tourists and their agents;

--- religious and humanitarian enterprises engaged in disaster relief, food distribution, and health services;

--- journalists and commentators who deal in the reporting and interpretation of global events;

--- civic groups committed to international and intercultural hospitality and understanding;

--- students and scholars who participate in international educational exchange programs.

These groups tend to be more immediately related to world affairs than is the general citizenry. If these specialized publics lack information about, and a broad perspective toward, the complex nature of global interrelationships, their own parochial interests -- and frequently their strategic position in democratic politics -- can cause untold mischief and danger.

HIGHER EDUCATION'S CONTRIBUTION TO GLOBAL PERSPECTIVES IN ELEMENTARY AND SECONDARY EDUCATION

A key point of leverage in increasing global understanding is obviously our public and private schools, K-12. The two chief ingredients are the teachers and instructional materials. Without effective materials and without knowledgeable and enthusiastic teachers who can help pupils to appreciate the international dynamics of contemporary life, habits of thinking are allowed to develop among the young that are dangerously limited.

The current situation is not promising. On the side of instructional personnel, there is little comfort in the fact that only 5% of the quarter-million enrolled in teacher education receive any international or intercultural training whatsoever. Future teachers who have pedagogical and study experiences overseas are relatively few in number compared with the total number of teachers being certified each year in the United States.

Fortunately, there are signs of a new awareness and a new concern:

--- under pressure from the Congress and from the United States Office of Education, an increasing proportion of NDEA Title VI money has been allocated in recent years for diffusion activities related to K-12;

--- an increasing number of teacher-training and curriculum-development funds from both federal and state agencies have been targeted on global and intercultural issues;

--- recently funded bilingual and ethnic-heritage programs are infusing cross-cultural sensitivities into a number of school systems across the country -- often with instructional and materials-preparation assistance from college and university faculties and libraries;

--- the National Education Association is building its Bicentennial theme around "A Declaration of Interdependence" and is urging public and membership support for this new programmatic emphasis.*

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*The larger report contains numerous examples of what can and is being accomplished. Asterisks indicate this.

POSTSECONDARY

Most of the generalizations about inadequate investments in the world orientation of education K-12 are equally applicable to postsecondary programs and institutions. A few particulars, however, must be cited:

--- the quasi-anarchic structures of many colleges and universities that seem to preclude international curricular planning across departments, among disciplinary and professional programs, and between language and area centers and the rest of the academic enterprise;

--- the massive flight from language requirements for graduation;

--- the seeming inability on most campuses to make adequate educational use of foreign students;

--- the relative absence of consortial arrangements, especially in metropolitan areas, for pooling limited international and foreign studies resources for the benefit of all students and faculties in a geographic region.

Fortunately, enough is happening experimentally to indicate sound directions for the future.*

THE GLOBAL EDUCATION OF ADULT CITIZENS

Adult citizens, preoccupied with geographically immediate problems, have only artificial means of understanding distant events or their proximate implications. The mass media, in direct reporting and in reflecting and refracting the world views of political leaders, carry the major burden of disseminating information and judgements about the rest of the world. This is particularly so in light of the fact that most

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Americans are not enrolled in schools, colleges and universities. In 1972, only two out of every five adults completed a high school education in the U.S. This means that of the 111 million persons aged 25 or over, 46 million had not completed secondary school. Thus, whatever global information and impressions these citizens obtain come almost exclusively from the media.

On the press side, those who take encouragement from the foreign coverage of the New York Times or the Washington Post should reflect on the fact that the general public reads no more than one half of one column of newsprint per day. Furthermore, much of the global news of greatest domestic significance is extraordinarily complex and technical. Petrodollars, balance of payments, MIRVS, GATT, and SALT-talks tend to be the vocabulary of experts, not easily translatable into pellets of wisdom digestable on the run by the average citizen.

In all cases, a special responsibility falls upon colleges and universities -- in educating the experts, the teachers, and the intellectual brokers who will ultimately educate the general citizenry as well as those specialized publics particularly involved in world affairs.

Again, a number of relevant experiments have been underway.*

THE NATIONAL NEED FOR EXPERT KNOWLEDGE

In treating of "experts" or "specialists" needed by the nation to analyze and negotiate global relations, it is important to acknowledge the relativity of the terms. Obviously, the nation needs a variety of levels and kinds of advanced sophistication about the rest of the world. It needs both expert "generalists" and expert "specialists."

Much expert knowledge and specialized wisdom about global relations exists, of course, apart from college and university campuses: in the foreign services, in profit and not-for-profit "think-tanks," among the staffs of the mass media and of journals of opinion, in multi-national business organizations, in international law firms, in religious and humanitarian organizations.

But in a very special sense, America's institutions of higher education are the major repositories of accumulated knowledge and wisdom, and important well-springs of new knowledge and wisdom, about other parts of the world. For better or for worse, they help train the experts that operate in non-academic institutions and environments.

In the context of global perspectives, there are at least four identifiable groups of "knowledgeables" to be found in American colleges and universities — (1) Disciplinary Communicators; (2) Scholars engaged in applied, action-oriented, problem-solving types of studies; (3) Scholars concerned with the structures and

and processes of international relations; (4) Scholars proficient in selected languages and geographic areas.

Disciplinary Communicators

Disciplinary studies remain at the core of the higher education enterprise. Accused at times of narrowness, rigidity, and inertia, the basic disciplines in the arts and sciences are the academy's bastions of intellectual standards and the nation's major centers of basic research and speculation.

Most advanced specialists in the disciplines of the arts and sciences are members of "invisible" colleges of peers the world around. In many international disciplines, a truly international science is in the process of development. American scholarship has as much to gain as to give in the creation of this international scholarly community.

It is high time that universities, foundations, and various governmental agencies make certain that specific funds are available to encourage such linkages. Special attention must be given to the development of younger scholars who are often out-pointed by established scholars in the tough competition for foreign travel grants and fellowships.

The Fulbright-Hays program is one of the most visible and long-standing sources of support to individual scholars, American and foreign students, and teachers. Over a period of thirty years, more than 100,000 Fulbright scholars have studied in the United States or in one of the 110 participating countries. Many of them have become academic leaders, distinguished public servants, and prominent figures in business, science, communications, and the creative arts.

Yet the Fulbright program suffers from serious administrative complexities. Furthermore, in recent years, questions have arisen about the adequacy of stipends for scholars, most of whom have had to supplement their grants at substantial personal expense. Naturally, this tends to inhibit the range, type, and quality of faculty who apply.

Problem-Oriented Research

Most federal support for academic research activities is understandably problem-oriented. An increasing amount of this support entails global perspectives. According to one recent Congressional study, nearly 160 federal programs carried on by more than a score of separate federal agencies, give some kind of support to globally-oriented studies. Most of this support is in the form of grants or contracts to individual scholars, universities, or institutes which are asked to work on the solution of intractable problems of humankind. Problems such as the population explosion, food production and distribution, and commodity markets, involve America's relationships particularly to the less-developed countries. Other problems involving energy, international monetary stability, communications, and transportation tend to focus on America's relationships to economically advanced or resource-rich nations. Some issues -- health, ocean resource development, and atmospheric and climatic changes -- are truly global. In selected fields of great domestic concern to the United States (e.g. urban planning and housing, day-care centers, care of the aged, etc.) pioneering work in other nations can, of course, be a major contributor to this nation's domestic progress.

There is no easy way of knowing whether, in an overall sense, federal funds available to problem-oriented scholars involved in international commitments and concerns are adequate. The crucial issue here is not the precise quantity of funding, but reliable information about fields and projects to be funded, and appropriate structural modes for carrying on problem-oriented studies.

International Relations Specialists

There is a special breed of academic who concentrates on the institutions and processes of international and intercultural collaboration, rather than upon substantive problems to be solved in specific countries or areas. Some of these specialists are found in Political Science Departments; some in Sociology and Anthropology; some in psychologically-oriented Behavioral Sciences; some in professional schools of public administration, public affairs, and law; some in international and comparative programs *per se*; some in independent "think tanks."

Out of their concerns come new insights into the nature of transnational bargaining, negotiating, and conflict resolution; important speculations about principles of organization and communication that might facilitate the peaceful resolution of international controversy; and essential perceptions into the interdependence of domestic and foreign policies the world around.

It is difficult to overstate the underlying importance of such intellectual inquiries to the future peace and even survival of the world. The financial nourishment of academic concern with the arts and sciences of peace-keeping and of conflict-management is presently meager.

Language and Area Specialists

Without attempting to designate precisely the number of language-and-area specialists needed by this nation in the years ahead, one can make a prima facie case for having a substantial cadre of foreign-area experts available and accessible to our political and economic leaders and to other intellectuals.

We have already noted the importance of language-and-area centers and programs for the diffusion of international and intercultural knowledge of importance to general public understanding of global relations. Equally important is the role that language-and-area experts must play vis-à-vis America's top leadership. At least five major services come to mind:

(1) Discovering, codifying, analyzing, and storing new knowledge about other parts of the world;

(2) Raising new questions about developments and policies related to specific areas of the world -- questions that can help political and economic decision-makers;

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(3) Sensitizing disciplinary, professional, and problem-oriented colleagues to cultural nuances that might make or break the efficacy of their global relations;

(4) Providing the society at large with language skills essential to effective negotiations and to critical essential contacts with other nations and peoples; and

(5) Educating the language-and-area specialists of the future.

Such concentrations of competencies are not only precious national resources in their own right, but are essential guards against the short-term fluctuations in public and institutional support, which make international studies a boom or bust affair. Both on and across campuses, these scholars constitute a network of local, regional and national proportions.

Specialized Library Resources

Experts and specialists in all the categories noted in this chapter share a common need: adequate library facilities of a highly specialized type.

Decreasing budgets, inflation, institutional competition for scarce materials, as well as competing campus priorities have contributed to an overall decline in the amount of funding available to build and sustain library resources for international education.

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There is a need for a new approach at the national level to assure a more equitable and systematic development of material resources, a more economic allocation of specialized manpower, and a more efficient delivery of research library services.

CODA

Education for global relations cannot be exhaustively covered in a brief report. We are especially conscious of the absence or inadequacy of treatment in this essay to foreign-student policies and programs, and to student-exchange and campus-abroad activities fostered by hundreds of American colleges and universities. Education for development assistance is another vast area of national and international concern too extensive and specialized for detailed treatment in a report of this kind. The troubled issue of how to relate the international spread of English as a second language to ethnic-heritage, bilingual, and general-education rationales for increased language study in our schools and colleges needs more considered attention than is possible in this brief essay.

Yet even with these important omissions, this report covers a substantial area of national and international concern. Its ultimate importance will not be in the complete acceptance and implementation of all of its recommendations and suggestions, but in the critical discussions it generates and the creative energies it catalyzes.

We urge others to examine and explicate what we have either ignored or slighted.

ATTACHMENT A

RECOMMENDATIONS

I. Federal Government

A. Title VI of the National Defense Education Act should be reauthorized at its present level ($75 million dollars). Half of this authorization ($37.5 million) should be designated for the support of the existing Section 602. Language and Area Centers and programs supported under this title and section should be further strengthened, encouraged, and expanded by significant increases in annual appropriations ($25 million in FY '77; $37.5 million by FY '80 -- up from the present totally inadequate $14 million appropriation level). These additional funds should be used in part to increase the outreach activities of the Language and Area Centers and programs to those segments of the collegiate and university worlds and to those other parts and levels of the educational system that are particularly concerned with K-12 education for global interrelationships.

B. A new and separate section, 604 should be added to NDEA Title VI -- a "Citizen Education" section drawing language and insights from the Preamble to the International Education Act of 1966 and from bilingual and ethnic-heritage acts of the federal government. This new section would in part provide federal funds for teacher training, teacher exchange, and instructional materials preparation, K-12, specifically focused on extending and improving citizen awareness of America's global relations. In order to assure decentralized and locally determined curricular content, claimants on funds designated for these purposes would include by way of example state and local affiliates of teacher associations and unions, teacher centers, state education departments, intermediate and local education agencies, as well as two- and four-year colleges and universities. The total authorization for this new section of NDEA Title VI should be equal to, but separate from, the authorization of the existing Section 602 of Title VI: i.e. $37.5 million. Again, appropriations in FY '77 should be $25 million, and should move by 1980 to the full level of authorization.

C. Following the example of the New York State Education Department's use of PL 480 (counterpart funds) to develop teaching materials related to South Asian peoples and cultures, far greater and more creative use should be made of excess foreign currency for the development of teaching materials and appropriate educational exchange arrangements in those countries where excess foreign currencies are available.

D. Existing federal funding agencies, notably the National Endowment for the Humanities, the National Foundation for the Arts, the National Science Foundation, the Fund for the Improvement of Postsecondary Education, the National Institute of Education, and the U.S. Office of Education should be asked by the President of the United States to examine their grant and contract portfolios and procedures to increase future allocations designed to broaden the global perspectives of college and university students.

G. The reauthorization of the existing Title VI, Section 602 of the National Defense Education Act at $37.5 million and the creation of an additional section 60 for the support of "Citizen Education" with a similar authorization should, as indicated in Recommendations A and B, be followed by appropriations not less than $25 million each in FY '77 and rising to $37.5 million each by 1980. At least a third of these appropriations should be ear-marked for the development of instructional materials and experimental programs in global education at colleges and universities — two-year and four-year, liberal arts, technical and professional.

H. Title VI funds under both old and new sections should be available for collaborative efforts between colleges and universities on the one hand and community groups, media services, and various educative instruments of public enlightenment, on the other, to explore common grounds and shared programs for up-grading citizen appreciation of global interrelationships.

J. A related problem for overseas disciplinary research is the absence of clearinghouse mechanisms that can provide effective and timely information to disciplinary scholars about the various funding possibilities for overseas research. It is recommended that a suitable instrumentality or instrumentalities be authorized, under grants or contracts, to use Fulbright-Hays or NDEA Title VI funds to produce an annual directory, up-dated quarterly, that would alert the scholarly community to traditional and new public, private, and overseas sources of financial aid for overseas disciplinary research.

M. Increasingly, federal grants and contracts to American specialists concerned with the solving of global or transnational problems, should be related to transnational collaborative research enterprises and experiments. In this connection, Congress should appropriate a sum of not less than $5 million dollars for the support of the United Nations University. The Bureau of International Organization Affairs of the Department of State should act as the U.S. fiscal agent for transferring these sums to the jurisdiction of the United Nations University.

N. Building on a quarter-century of development-assistance experience, the Congress should review the still uneasy collaboration among less-developed countries, American aid agencies, and American academic and professional resources, and fashion new options and instruments of interrelationships. Instead of relying solely upon traditional, agency and departmental arrangements in Washington and in the field, one or more quasi-independent boards or councils should be established (drawing nourishment perhaps from the example of the Inter-university Council or the British Council in the United Kingdom) -- boards or councils that can serve as non-governmental facilitators between American colleges and university communities and consortia, on the one hand, and the educational institutions and government agencies of less-developed countries, on the other.

O. The external research base for the work of the Arms Control and Disarmament Agency should be increased to at least $5 million dollars per year in order to provide stimulus to scholars in colleges, universities, and independent research institutes to address key questions of international peace-keeping and conflict resolution.

P. Without additional authorization, but with significant increases in annual appropriations as noted in Recommendation A above, Title VI, Section 602 of the National Defense Education Act can and should be the major vehicle for supporting essential language-and-areas centers and programs around the country. The number and quality of such centers and programs should be subject to periodic review, but the basic federal commitment to the sustaining of foreign-area-and-language specialists must be long-term and unequivocal.

Q. Because of its varied inter-agency involvements, and because of the importance of its activities to the national interest, the International Division of the U.S. Office of Education, which administers Title VI of NDEA as well as a portion of Fulbright-Hays and excess foreign currency appropriations, should report directly to the Office of the Assistant Secretary of Health, Education, and Welfare for Education.

R. To guide this nation's educators and citizens in a bold new initiative aimed at examining, refining, and implementing a balanced national language policy, a Presidential Commission on Language should be established. Such a Commission should be carefully designed to avoid duplication of existing agency, professional, and institutional efforts. In order to assure a broad perspective, Commission membership should include both language and non-language educators, specialists, and ultimate employers of linguistic talent.

S. Under expanded appropriations for NDEA Title VI as outlined in Recommendation A, an adequate Summer Intensive Language Program should be reinstated. This program would provide highly - intensive language instruction in such critical languages as Chinese, Swahili, Arabic, Japanese, and other selected Asian and Slavic languages throughout the summer months when faculty, other professionals and students are more likely to be able to attend such classes on a full-time basis. Excess foreign currencies should continue to be utilized and expanded for the purpose of intensive language training in critical languages. (The Center for Arabic Studies Abroad, and the American Institute for Indian Studies represent two examples of effective and on-going programs of this type.)

T. The Defense Language Institute and the Foreign Service Institute should explore with disciplinary associations and academic professional societies possibilities for opening their programs and facilities to a limited number of highly qualified academic scholars and advanced graduate students.

V. In order to overcome both excessive duplication and serious gaps, the Library of Congress should assist in the creation of a permanent Secretariat charged with the planning and coordination on both a national and regional basis, of the foreign-area and international holdings of American research libraries.

W. Research-library support should be made available to colleges and universities as a part of the necessary overhead of all international grants and contracts they receive.

X. The National Program for Acquisitions and Cataloging (NPAC), which is authorized under Title II-C of the Higher Education Act of 1965, should be funded at an adequate level to assure that NPAC may complete centralized cataloging coverage as soon as possible. Bringing the Machine Readable Cataloging Project (MARC) of the Library of Congress up to a level of full effectiveness is likewise a matter of high priority.

II. Educational Institutions

B. Colleges and universities with federal or foundation assistance should establish institutional and consortial task forces to examine the adequacy of curricular requirements, program facilities, course and extra-curricular offerings, and foreign-student activities as these relate to the effective improvement of the international aspects of postsecondary education. Existing "study-abroad" programs as well as on-campus language programs should receive special attention, and each task force, after careful review, should be charged with making concrete recommendations for improving the standards and effectiveness of such programs.

L. At least 5% of the total dollar amount of all government contracts or grants to universities and colleges for problem-solving research-and-service activities involving global perspectives should be made available to the central administration of colleges and universities to ensure appropriate and effective linkages among disciplines, professional schools, specialized libraries, problem-oriented institutes, and language-and-area centers — this, in order to ensure that problems and solutions are designed conceptually and affected operationally on as broad and interconnected a base as possible.

E. Two- and four-year colleges, especially those located in metropolitan areas, should cooperate with each other and with proximate secondary schools in designing language and cultural sequences that cut across grades 10-16. (The International Baccalaureate represents one useful model at the 10th-14th grade level, but other models need to be created or explored.)

U. Computerized and self-instructional language facilities, such as the Stanford Model on Computerized Linguistics, should be made more widely available and interinstitutional cooperative programs for such individualized study should be expanded to assure equitable geographic and institutional access and participation.

III. Private Foundations

1. That the myriad small and medium-sized private foundations of the nation give special thought to underwriting one or more international travel grants for disciplinary scholars whose promise or proven credentials survive the test of competitive applications. Such support could provide a means of stopping and even reversing travel-grant erosions caused by inflation and competing priorities.

2. Major American foundations should provide both direct and incentive grants to American universities and to foreign foundations and governments to establish an increasing number of scholarly entrepots in selected overseas locations where library, archival, and other academic resources are already available or can easily be aggregated, and where American disciplinary scholars can pursue scholarly activities in conjunction with or in proximity to peers from other nations. The Center for Advanced Study in the Behavioral Sciences at Stanford, California, the Woodrow Wilson Center for International Scholars in Washington, D. C., and the University Service Center in Hong Kong present examples of institutions which, if appropriately adapted, could serve as models for overseas scholarly entrepots.

ATTACHMENT B

TEN YEAR FUNDING HISTORY OF NDEA TITLE VI

'76	'75	'74	'73	'72	'71	'70	'69-'66
$10m (Budget) (Request)	$14m	$12.6m	$15.3m	$15.3m	$8m	$15.3m	$18m per annum (approximately)

The above figures, with the exception of the FY 1976 figure which is an Administration budget request, represent a ten year index of appropriation amounts for NDEA Title VI/Fulbright-Hays 102 (b) (6). These two programs comprise the sum total of international education programs conducted by the U.S. Office of Education which are funded with hard dollar currencies. NDEA VI programs include foreign language and area studies; fellowships; research; summer intensive language programs; and undergraduate and graduate programs in innovative, outreach aspects of international education. 102 (b) (6) of Fulbright-Hays pertains to that segment of the Act conducted by USOE rather than the Department of State and relevant to support of U.S. faculty abroad. Provisions of this program provide assistance to graduate student and faculty for research, training and curriculum development projects.

As revealing as the appropriations figures are for Title VI/Fulbright-Hays, they nonetheless portray only the tip of the iceberg in terms of funding maladies. To achieve a complete scenario of the magnitude and scope of the funding difficulties, numerous additional factors must be considered, to wit:

- the enormous disparity between real dollar valuations in 1966 and 1976
- the equally sizeable disparity between the appropriated amount and the authorization level, which, in any given year, is nearly three times as great as the appropriation

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- the initial reduction from $18 million to $15.3 million between the fiscal years '69 to '70 was reflective of no programmatic criticism or grievance, but resulted from a 15% across-the-board discretionary cut in education programs

- the original Administration request for FY '71 was only $6 million -- a scant one third of the amount originally appropriated in FY '70 before application of the discretionary cutback

- the precipitously decreased FY '71 budget request of $6 million: (a) reportedly came from the White House following submission of a larger figure by BOB (OMB); (b) was accompanied by general text disclaiming certain education programs as "obsolete and outmoded"; (c) was issued while a federally financed survey of language and area studies by the Social Science Research Council was in progress yet far from complete, thus seeming to negate the survey results; and (d) was rescued by a group of educators lead by Nathan Pusey, President, Harvard University who reached an understanding with Daniel P. Moynihan leading to an amended budget request figure of $15.3 million.

- the FY '71 Administration/OMB request carried with it a statement of intent to eliminate all funding for the program by FY '72

- that institutions place sufficient value upon international studies to commit $9 for each federal dollar provided - despite the dire fiscal plight currently confronting most institutions - was inverted by OMB as a rationale for eliminating the program on the basis of the federal share being extrareous and unnecessary

- the uneven level of appropriated dollars over the past ten years obscures the strenuous effort required to achieve even these minimal amounts, which in nearly all cases constitute a substantial Congressional increase over OMB requests

- the Administration repeatedly has attempted to phase out funding for the program, either gradually or precipitously, on the grounds that it is a categorical program, clearly out of focus with current trends to-toward direct student and institutional aid and revenue sharing.
- there is no substantive criticism of the program but, to the contrary, only general dissatisfaction with it's categorical nature
- the lack of understanding on the part of the Administration that Title VI activities can not be met by the general institutional and student aid programs currently on the books has been matched by an increase in Congressional familiarity, interest and appreciation
- Title VI has been termed an "elitist" program because it leads to the production of a cadre of experts needed to meet national manpower demands. Its focus on intellectual quality does not make it a popular program in that it is limited to 50 national resource centers. This constraint necessarily limits the consideration of numerous programs which are not comparably equipped to meet high-quality foreign policy requirements.

In 1972, the Title VI legislative mandate was significantly expanded to incorporate the outreach and diffusion aspects of the never-funded International Education Act of 1966. The incongruity of the broadened mandate is that it came in a year of an OMB-initiated phase-out of the total program. In tandem with the consistently diminished appropriation, this has conspired to prevent full realization of these critical "Phase-Two" initiatives which could spread the net of international education, and diminish the charge of "elitism". In reality, the Administration is attacking the program for failure to do the very thing that inadequate budget requests preclude it from doing and which it is legally mandated to do. The clear and pressing national need for education for greater public understanding of international affairs can not be met without credible levels of funding, nor through any other existing and funded piece of legislation. Rather, it is an essential and natural function of NDEA Title VI, which in its 17-year history has the accumulated expertise, and human resources to apply toward this critical need. Missing is a fluid and reasonable fiscal base to insure that the need for generalists be met, not at the expense of the need for specialists, but as a complementary part of the whole.

July 15, 1975

SUMMARY OF RECOMMENDATIONS ON STUDENT AID
by Office of Governmental Relations/Policy Analysis Service
American Council on Education

The following interrelated series of recommendations are designed to improve the student assistance programs of Title IV HEA by clarifying their objectives, assuring greater certainty and stability of funding, simplifying their administration, and improving their coordination:

BEOGS

1. Make grant a true entitlement for access to postsecondary education.

To establish BEOGs as the foundation of Federal, state and private student assistance programs as originally intended, the law should be clarified to assure that needy students will receive the full amount of the grant for which they are eligible. A true entitlement would provide the stability necessary for BEOGs to become a reliable basis for guaranteeing access to postsecondary education. There would be no further need for the complex reduction schedule which penalizes the neediest students most severely when appropriations are insufficient.

2. Raise maximum to $1,600, adjusted annually for increases in CPI.

This would reflect increased costs since the maximum was set in 1972, and provide for annual adjustment thereafter. The $1,600 figure is realistic to provide basic access to postsecondary education, assuming average national noninstructional costs of attendance of $2,100 less $500 in assumed self-help.

The half-cost limitation would be removed, consistent with the concept that students should receive the full amount of the grant for which they are eligible. This would provide greater equity for low-income students who are now denied a maximum award if they attend a low-priced institution.

3. Simplify award procedure.

The disappointing participation rate in the program to date has been caused in large measure by the uncertainty of funding and the complexity of the application process. True entitlement would remove the uncertainty of funding; to simplify the application process the consensus model for needs analysis developed by the National Task Force on Student Aid Problems (Keppel Task Force) should be adopted as the basis for Federal student assistance programs. If this were done, a student's BEOG would be derived by subtracting from $1,600 the expected parental contributions as determined by the use of the Keppel "consensus model". The consensus model uses BLS budget standards for low-income families as the measure of family living expenses, which would define the criteria to be used by the Commissioner of Education in the annual determination of parental and family basic living allowances.

A national commission would be established to meet annually to review the Commissioner's proposals for determining family contribution, and recommend to Congress any needed changes.

To permit a September 1 publication date for the family contribution schedule as recommended by the Keppel Task Force, the date for establishing the schedule would be advanced to July 1 preceding the year for which it would be applicable. This would give Congress 45 days to approve the schedule.

BEOG COSTS (Assuming 70% Participation)

	Proposed Program[a]	Current Program[b]
Costs (dollars in millions)	$1.802	$1.268
Public four-year	865 (48%)	610 (48%)
Public two-year	464 (26%)	305 (24%)
Private	355 (20%)	267 (21%)
Proprietary--Vocational	119 (6%)	85 (7%)
Recipients (# of students in millions)	1.796	1.553
Public four-year	866	748
Public two-year	458	400
Private	362	310
Proprietary--Vocational	109	97

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[a] Ten percent was added to the estimated cost of full-time students to cover half-time and less than half-time students; 15% was added to the estimated number of full-time students to cover these additional students.

[b] Eight percent was added to the cost for full-time students to cover half-time (or more) students; 13% was added to cover the number of these students.

SEOGs

1. Clarify role of grant to expand choice of postsecondary education.

With BEOGs established as the basic access program, the role of SEOGs should be defined as the essential Federal instrument for providing student choice.

The minimum grant would be raised from $200 to $400, and the BEOG would be excluded in determining the maximum award of half the total student aid provided or $1,500 whichever is lesser. This would shift the proportion of SEOG funds going to higher-priced institutions from about one-third to over two-thirds of the total.

2. Establish minimum funding level to assure choice.

To assure balanced funding of the two Federal programs designed to meet the twin objectives of access and choice, a minimum appropriation level would be established for SEOGs at $300 million or 25 percent of BEOG entitlement, whichever is greater.

To simplify the allocation of funds, the distinction between first-year and continuing grants would be replaced by a single authorization for both.

3. Coordinate with BEOG program.

To align the two programs more closely and to simplify the application process for both, the Keppel "consensus model" for need analysis would be established as the mechanism for the institution to determine the student's SEOG. Thus, students would use a single form to apply for determination of their BEOG entitlement and the amount of SEOG their institution would award after consideration of other non-BEOG aid, parent contribution and self-help.

To assure that the neediest students receive priority, institutions would be required to make grants on the basis of relative need, instead of the finding of "exceptional need" required in current law.

4. Provide greater flexibility in use of funds.

A carryover of 5 percent of funds to the next fiscal year would be authorized, and the provision for transferability between SEOG and CWS increased from 10 to 20 percent to provide greater flexibility in the use of SEOG allotments.

SSIGs

1. Increase authorization.

In view of the dramatic expansion of state scholarship programs since SSIG was authorized in 1972, the current limit of $50 million for new awards would be removed and authorizations for new and continuing grants would be consolidated and increased gradually from $150 million in FY 1977 to $350 million by FY 1981.

2. Provide national standards for State programs.

As the program expands it becomes important to assure comparable nationwide standards for eligibility for State scholarships. Therefore, the following standards would be established by FY 79 as conditions for Federal matching:

(a) Awards would be available to all eligible students (including part-time students) who are residents in the State, regardless of where they go to college. This would remove current barriers to participation in some State programs. States would also be required to maintain their per-student effort in support of public and private higher education.

(b) The State would take adequate measures to inform secondary students of the availability of scholarship awards, and encourage them to continue their education in postsecondary institutions. This would encourage greater coordination between secondary school counseling activities, Educational Opportunity Centers and postsecondary institutions.

ADMINISTRATIVE COST ALLOWANCE

1. Increase allowance for administration of student aid.

Current 3 percent cost of administration allowance would be increased to 5 percent or $50 per aided student, whichever larger, and the allowance would be extended to cover BEOG grantees and veterans as well as participants in SEOG, CWS, and NDSL programs (unduplicated count), subject to pro-rata reduction when appropriations are insufficient. The allowance would be earmarked exclusively for administration of student aid programs. This would provide a more realistic reimbursement of institutional expenses for counseling, remedial services, training of staff, and servicing applications and payments. Maximum grant per institution would be raised from $125,000 to $250,000.

In addition, a flat administrative fee of $10 per Federally-insured loan would be provided to help meet the special administrative costs of the Guaranteed Loan Program.

Inclusion of veterans in the count of aided enrollment for which institutions receive administrative costs would permit expiration of Veterans Cost-of-Instruction Program.

COST-OF-EDUCATION PAYMENTS

1. Simplify allotment formula.

Present complex formula would be simplified to $200 per student (unduplicated count) of undergraduate SEOG-BEOG-CWS-NDSL, subject to pro-rata reduction when appropriations are insufficient.

A maintenance of effort clause would be included to avoid the shifting of institutional support from other public sources to the Federal government.

COLLEGE WORK-STUDY

1. Increase authorization.

Authorization would be increased from current $420 million to $550 million for FY 1977 and $700 million by 1980, to reflect the actual program needs reported by regional panels.

2. Establish Job Creation Program.

Demonstration grants would be authorized to fund Job Creation Programs at institutions or consortia establishing full-time staff to locate jobs for and place students.

3. Increase flexibility in use of funds.

Increased flexibility would be permitted by authorizing institutions to carry over 10 percent of funds to next fiscal year or borrow up to 10 percent of the succeeding year's allotment, and increasing transferability with SEOG from 10 to 20 percent. Minimum wage would be required. Community service type jobs would be encouraged, and special authority for Work-Study for Community Service would be repealed.

SPECIAL PROGRAMS FOR DISADVANTAGED STUDENTS

1. Expand Educational Opportunity Centers

A new authority would be added for demonstration grants to states to expand the concept of Educational Opportunity Centers and make them more effective. Grants would be for planning and operating statewide systems beyond areas presently served, encouraging all postsecondary institutions to participate, and serving prospective students in all areas of the state.

2. Increase authorization.

Authorization would be increased from $100 million to $150 million to expand existing Special Programs and fund new authority.

3. Raise monthly stipend for Upward Bound.

Monthly stipend for full-time attendance would be increased from $30 to $40.

COOPERATIVE EDUCATION

1. Increase authorization.

Authorization would be increased from $10 million to $25 million; maximum grants to institutions would be raised from $75,000 to $350,000; authorization for training and research would be raised from $750,000 to $1 million. Priority would be given to institutions whose proposals demonstrate favorable reception in business and industry and show by size and scope their commitment to cooperative education.

2. Encourage flexible work-study arrangements.

Present requirement for alternative programs of full-time work and full-time study would be removed to permit programs of part-time work and education.

* * * * *

A prime objective of the above recommendations is to redress the balance between grant and loan aid. To accompany such changes, the following amendments are proposed to simplify and coordinate the loan programs, make them more effective sources of secondary support, and reduce their impact on the Federal budget to free additional funds for grants and work-study:

GUARANTEED LOANS

1. Deferral of in-school interest payments.

In-school interest payments (which are now Federally-subsidized if family income is less than $15,000) would be deferred. All in-school interest payments would be made to lenders by Federal government and added to loan principal to be repaid by student after graduation. This would result in an eventual reduction of Federal outlays of approximately $225 million.

2. Expand access to loan capital.

Colleges would be permitted to sell loan paper at discount to SLMA (providing they meet SLMA criteria) thereby expanding their access to loan capital.

3. Simplify special allowance to lenders.

Special allowance to banks would be adjusted automatically to the difference between 7 percent and the average interest of short-term Treasury notes, instead of requiring a quarterly administrative decision by HEW.

NATIONAL DIRECT STUDENT LOANS

1. Conform terms and conditions to FISL/GSL.

NDSL loan terms and conditions would be conformed to those of FISL/GSL after July 1 (7 percent interest instead of 3 percent, aggregate debt limit of $2,500 per year and $7,500 undergraduate instead of present $5,000 for undergraduate having completed two or more years, retaining $10,000 limit for graduate students). Cancellation provision would be ended for teachers in disadvantaged schools and veterans, but would be retained for death and disability.

2. Due diligence requirement.

Institutions would be required to excercise care in making and diligence in collecting student loans (comparable to GSL) as a condition for continuing to receive capital contributions.

3. Provide option for institutions to convert NDSL funds.

All institutions would renegotiate their participation in the program with one of two options: (a) continue receiving capital contributions under new terms and conditions including due diligence, or (b) discontinue receiving capital contributions and recycle their NDSL loan funds under new terms including guaranty provisions of GSL or FISL and access to SLMA for purchase and warehousing. To opt for (b), institutions would have to meet FISL standards, make collection efforts on outstanding loans, and exercise due diligence in management of all loan funds. Institutions could not opt to continue to participate in both programs.

COMPARISON OF COST ESTIMATES FOR STUDENT ASSISTANCE PROGRAMS

	Appropriation 1975	Current Authorization or Estimate 1976	ACE Staff Proposal 1977	ACE Staff Proposal 1980
BEOG	$ 798	$1,050	$1,802	$2,234
SEOG	240	315[1]	500	560
SSIG	20	70[1]	150	300
Special Programs	70	100	150	150
Cost-of-Education	-	1,000	401	401
Cost-of-Adminis.	-	-	168	168
Vets. Cost-of-Instr.	24	240[2]	-	-
FISL/GSL	580	654[3]	654	550
CWS	420	420	550	700
Comm. Serv.	-	50	-	-
Job Creation	-	-	10	15
Coop. Education	11	11	25	25
NDSL	294	410	200	150
TOTALS	$2,457	$4,320	$4,610	$5,253

[1] Includes initial year authorization and estimate of continuation awards.

[2] Based on estimate of eligible veterans (FTE) in applicant institutions at full entitlement.

[3] Includes estimates of interest subsidy, student loan insurance fund, and special allowance.

Senator PELL. Would the next witnesses all come up together as a panel? Mr. Holcomb represents the Association of American Colleges. Dr. Aldrich represents the National Association of State Universities and Land Grant Colleges; Mr. Dykstra represents the American Association of State Colleges and Universities; John Tirrell represents the American Association of Community and Junior Colleges; and Mr. Charles Kidd represents the Association of American Universities.

I think to make it easier for the report if you would, please identify yourself as you start out. Since Dr. Aldrich is originally from Rhode Island, I will ask him to lead off.

STATEMENT OF DANIEL ALDRICH, REPRESENTATIVE OF NATIONAL ASSOCIATION OF STATE UNIVERSITIES AND LAND-GRANT COLLEGES; ACCOMPANIED BY HOWARD HOLCOMB, REPRESENTATIVE OF THE ASSOCIATION OF AMERICAN COLLEGES; VERGIL DYKSTRA, REPRESENTATIVE OF THE AMERICAN ASSOCIATION OF STATE COLLEGES AND UNIVERSITIES; JOHN TIRRELL, REPRESENTATIVE OF THE AMERICAN ASSOCIATION OF COMMUNITY AND JUNIOR COLLEGES; AND CHARLES V. KIDD, REPRESENTATIVE OF THE ASSOCIATION OF AMERICAN UNIVERSITIES, A PANEL

Mr. ALDRICH. Thank you very much, Senator Pell. I was wondering when I might identify in the course of my remarks the fact that I had come from Rhode Island.

I particularly want to express my appreciation to appear on behalf of the National Association of State Universities and Land Grant Colleges to comment about the amendments of 1972, and would hope that insofar as time is concerned, that I might submit my formal remarks for the record, and briefly summarize the statement.

Senator PELL. It will be printed in full in the record at the conclusion of your testimony.

Mr. ALDRICH. I first of all want to indicate that our association works closely with the other associations, with the American Council of Education and therefore identifies with the general thrust of the recommendations presented by Mr. Saunders, and in particular with the principles set forth in the remarks that he just concluded.

I think that it is important, insofar as the balance of my remarks are concerned, to recognize that insofar as our association is concerned, we recognize that the Basic Educational Opportunities Grant constitutes the principal mechanism for really giving meaning to broadly based accessibility of citizens of this country to higher education, and that my remarks subsequently have not to do with the construction of the bill, but rather the implementation of certain points providing for it.

I am sure that in the development of it, the BEOG program, that there was not full appreciation on the part of those providing for this opportunity, or those who would subsequently be affected by it. The cost of administering it was fully appreciated, and frankly our institutions need assistance in carrying out the administration of this particular program.

And as a background for my remarks, I think it is important to bear in mind that while they shall be directed specifically to the student financial aid program, it should be borne in mind that our institutions are afflicted by a tremendous administrative burden, as a consequence of a variety of federally mandated programs, which are supported by our institutions.

But again, they produce a horrendous administrative burden in the way of data gathering, interpretation and development, for which we have no idea how to obtain funds to assist us in this regard.

But inasmuch as there have been provisions in certain of the student financial aid programs to provide for administrative costs we would hope that that provision might be extended to BEOG.

I am sure that members of the committee are very well aware of the position of our association on the matter of support of costs of education, and that while that has not been provided for by the administration, we would like for them to think of at least the notion of reimbursing institutions for the expenses associated with carrying out various programs. We are aware that some provisions for this have been made earlier on in 1958 when provisions for supporting graduate fellowships were provided, and also that in the college based financial aid programs, there is an amount of 3 percent for administrative cost which has been provided for, with a maximum of $125,000 annually.

I repeat, on the basis of our experience in dealing not only with those programs, but in addition with the basic educational opportunity grant program, there are costs in excess of the wherewithall presently provided which we would like to see expanded and further extended to the BEOG.

I would hope that in the material that I have submitted that it would be possible to accept three documents which describe specifically the cost of administering student aid programs drawn from the experience of a major public institution, the university, of a smaller public university, and the experience from several private institutions simply to give a view of the spectrum of costs involved. All of them, however, develop information which shows that the 3 percent presently provided for some programs is insufficient, and that subsequently an amount, as we will suggest, approaching 5 percent would be in order to defray the costs of administering these programs.

On the basis of the experience to date, we are aware that insofar as Federal funds coming to our institutions are concerned, the largest portion of them has to do with the provision of financial aid, and certainly BEOG will be the most significant.

It behooves us to have the most experienced, competent individuals dealing with the administration of such aid programs, and we would like to suggest that some mechanism be developed for providing for the training of financial aid officers so involved, and would suggest that possibly a percentage of the 5 percent that we would recommend being available for administrative costs, be sequestered in order for some agency to carry out the training and improvement of the background experience of those who would be so involved.

Certainly it is our experience that because of the lack of competent, informed, inexperienced—well, because they are uninformed, and lack experience, that there are undoubtedly thousands of students who have been denied information about or appreciation of the opportunities that are there as a consequence of the BEOG program, which information would have been available to them in appreciation for the program, if it had been in competent hands.

In addition to my comments about the additional administrative support for administering student financial aid programs, I have also submitted in my testimony information concerning some remarks of the association about the HEA title I programs, as well as the 1202 and 1203 commissions and their operations, and I would hope that those remarks may be entered into the record.

Senator PELL. They will be entered.

Mr. ALDRICH. On that basis, sir, I express again my thanks for the opportunity to comment, and our association and its staff members stand ready to work with yours in achieving certain additions to this bill.

Senator PELL. Thank you.

[The prepared statement of Mr. Aldrich and other information referred to follow:]

Testimony before

The Senate Subcommittee on Education

Concerning Reauthorization of the
Higher Education Act, as amended

Presented in behalf of the

National Association of State Universities and Land-Grant Colleges

by

Dr. Daniel Aldrich
Chancellor
University of California, Irvine

on

July 15, 1975

Mr. Chairman, on behalf of the 130 members of the National Association of State Universities and Land-Grant Colleges I am grateful for the opportunity to present this testimony before your Subcommittee on Education as it continues its hearings on the reauthorization of the Higher Education Act of 1965, as amended. Because of the necessary limit on time available for oral presentations, I will summarize the salient points our membership wishes to emphasize regarding possible amendments to the Higher Education Act, and would appreciate it if our formal statement could be inserted in the hearing record.

Since our Association's members and our Washington staff work very closely with the American Council on Education, we have had an opportunity to participate in the development of the inclusive set of recommendations presented for the ACE by Mr. Charles Saunders, and, therefore, we wish now to associate ourselves generally with those recommendations, particularly with the principles he has delineated.

We take this opportunity also to recognize specifically the impact of what three years ago were referred to as the "Pell Grants," the Basic Education Opportunity Grant Program. As the Chairman is aware, one of our Association's members, the President of the University of Puerto Rico, testified earlier in this series of hearings and indicated how the creation of the BEOG program vastly increased the number of students in Puerto Rico receiving Federal aid and therefore are more readily able to attend an institution of postsecondary education. What has happened in Puerto Rico is also happening across the United States. It now appears that the U.S. Office of Education is prepared to operate the program as it was originally conceived, tending toward awards which are fully funded entitlements. We believe that if properly funded and administratively supported, the BEOGs, in conjunction with the college-based programs, will enable our Nation to fulfill its responsibility to provide genuine higher education opportunities to all citizens by removing the barrier created by inadequate financial resources responsible for so much inequity in the past.

Although I shall be developing this point below in more detail, with reference to the now vital BEOG program, it seems appropriate to note that one aspect not fully realized in 1972 was its fiscal impact on institutions caused by unavoidable administrative requirements. Although the Congress has authorized funds to be used to offset partially institutions' administrative expenses, the Office of Education never has allocated funds for that purpose.

The central theme of this testimony deals with a problem which many of our institutional heads regard as the most difficult and important one they face: the costs to the institutions imposed by executive agency regulations coupled with incursions into the administrative autonomy which those regulations often bring with them.

A recent study done by the Policy Analysis Service of the American Council on Education indicates that in many instances where legislation was passed with no desire to affect adversely the fiscal stability of colleges and universities, the results nevertheless were startling and painful. This legislation consisted of such positive and broad social measures as increasing the minimum wage, or providing for greater health and safety standards under the Occupational Safety and Health Act. There is no reason why the academic community of the United States should be exempted from such legislation, the passage of which it almost invariably supports. However, the fiscal impact does suggest the need to reevaluate the reasonableness of the call by administrators of colleges and universities for some form of financial assistance from the Federal Government. While this is a problem shared by all sectors of our society, unlike the business community, educational institutions cannot pass along these costs without raising student charges and possibly denying access to indigent students.

Of far greater concern is the overextension by Federal agencies of the authority granted to them by laws. The assumption of more authority or the misconstruction of Congressional intent and purpose in legislation at times has caused near chaotic conditions in areas of college and university administration and inevitably has been accompanied by untenable costs which cannot be justified. Only this past month we engaged in an exercise stimulated by requirements issued by the Office of Civil Rights in HEW which might have led to the cutting off of Federal contracts involving $65 million. After a great amount of confusion and expense on the parts of the institutions involved and the Federal Government a temporary solution was worked out which could have been in place if OCR officials could have negotiated the issue in advance.

Now, regulations proposed by HEW for "Title IX" may shortly go into effect. In response to questions raised over the authority of the HEW to impose requirements on institutions under Title IX, HEW appears to be arguing that when it issues regulations to inplement an Act of Congress, Congress must pass a new law if it objects to any part of the regulations. Putting it more bluntly, HEW cannot conceivably misconstrue thelaw; its regulations invariably are correct; if there is a problem it is because of a defect in the law which the Congress must repair legislatively.

The Congress, when it enacted the law requiring HEW to send proposed regulations to the Congress for a 45-day period in which time Congress could reject such regulations, did so in response to the growing tendency on the part of HEW to overreach executive authority. The problem is complex. Recently, regulations for the Guaranteed Student Loan Program went into effect following a 45-day period in which Congress chose not to challenge the substance of those regulations. We doubt that the letter or spirit of the law on which the regulations are based intend to impose the inordinate costs that postsecondary education institutions may incur in carrying out the proposed regulations.

The objective of protecting students will be lost since, in their present form, the regulations appear to require institutions participating in the GSL program to accumulate, analyze and disseminate wholly meaningless and possibly misleading information.

We cannot quarrel with the consumer protection objectives of the Guaranteed Student Loan regulations. But recent hearings concerning such issues as need analysis, and the regulations established for the BEOG program itself, made it apparent that we are in danger of having HEW officials operate programs contrary to the clear intent of the Congress and the interest of students or other beneficiaries of programs enacted.

There is a bitter irony in one of the results. As one of the presidents of our association noted, "Every time I have to hire a lawyer, I have to turn down the appointment of one associate professor." At a time of great fiscal constraints and at a time when institutions are obliged to and are trying to fulfill genuine affirmative action objectives, academic and administrative positions which could be filled by competent women and members of minorities are denied to college administrators as their expenses for meeting HEW (and other agency) regulations continue to accelerate. The president of one of our traditionally public black colleges recently noted, no doubt exaggerating to make the point: "We have received $2 million under a major Title III, Developing Institutions Grant, and it is going to cost us $1 million to fulfill the reporting requirements." Unreasonable reporting requirements accompanied by the inevitable threat of an absolute cut off of funds if rules are not followed is undermining the existing and productive partnership relationship between the institutions of higher education and the Federal Government.

Regrettably, we have few specific panaceas to offer. Clearly, the Congress is not staffed, nor do its members have the time, to serve as everyday policemen on the goings-on of the bureaucracy. But we do believe that the oversight role played by this Committee is no less important than the creative role it has played in recent years in producing new legislation. We urge that greater attention be given to this role so that the laws be carried out by the Federal agencies as enacted by the Congress.

Perhaps, as an aside, we may also note that the Nation as a whole is undergoing an unusual strain in which all institutions and all establishments, including the Congress of the United States, are under fire for their failure to perform the not-always-clearly-identified tasks which will provide jobs, end inflation, heal the sick, guarantee peace and do away with crime. The citizenry's demands are not unreasonable. Certainly at this time, institutions such as those in education must be more openly accountable for how they spend public and private dollars, how their consumers, be they students or the taxpayers who often foot the bill, are kept informed. This Subcommittee, as the Senate's spokesman and Congressional source of authority on higher education, may wish to consider the role it can play in assisting the institutions to once again claim their place in the national scene where they are appropriately respected for the role they perform. It can assist them in fulfilling their great potential in educational services both in their traditional responsibilities of developing and disseminating knowledge and in serving wholly new constituencies through programs in continuing education. It is time that false dichotomies between student aid and institutional aid be laid to rest and attention focused on how the tax dollar can best be spent in the colleges and universities to enable them to meet their responsibilities.

The Chairman and members of the Subcommittee are well aware that most members of the higher education community believe that a general institutional aid form of support remains a valid concept and the Cost of Education approach enacted in 1972 is a useful approach. We also recognize the issues in the debate over aid to institutions and the budgetary pressures which have resulted in the failure of this program to receive any funding. There is, however, another approach which we believe to be not controversial and which would provide funding for institutions in a manner to alleviate their severe fiscal stress.

The Federal Government has a long standing tradition in its dealings with sectors of our society on which it calls to perform services to see to it that no undue burden is placed on an industry, a community, or a segment of education for responding to the Nation's call for services. The principle of reimbursement of expenses is quite general. In the relatively small sector of higher education, the history of this kind of relationship between the Federal Government and the education community has been positive. From the first major program of graduate fellowships enacted in 1958 in the National Defense Education Act to the many different graduate fellowship programs administered by NASA, NSF, AEC, DOD and other agencies, it was understood that providing $2,000 or $3,000 to the student to help pay for his living expenses while he studied for a year at a university in no way took care of the problem of meeting tuition costs nor the teaching and administrative costs incurred by the institutions providing the graduate education. Thus, in each of these programs the Federal Government tied to each fellowship a "cost of education allowance" which helped defray at least some of those institutional expenses. Likewise, in the area of Federal grants and contracts the sum awarded to an institution when faculty or staff are involved in Federal projects take into account "indirect costs." These may be difficult to itemize, but they must be paid if the institution is to remain fiscally viable.

When this Subcommittee created the college-based student assistance programs it recognized the inevitable costs involved in administering the programs and permitted the institution to retain three percent of the funds allotted to it with a maximum of $125,000 annually. We believe that the time has come for the Congress to amend those provisions and extend them to other programs. As conceived, the BEOG program, for example, was thought of as involving a relationship between the Federal Government and the student and, therefore, the institution should have incurred minimal costs. However, partly because it was a new program, but more likely because students, particularly the freshmen in an institution of postsecondary education, almost invariably need counselling and other assistance on the campus if they are going to be able to take advantage of all of the student assistance the Congress intends them to have. A study conducted by the National Association of Student Financial Aid Administrators indicates that it cost the institutions in administrative costs approximately $30 per BEOG recipient. We believe that these costs will continue even as the BEOG program is administratively perfected in Washington.

We are attaching to this testimony three brief documents from a major public university, a relatively small state university and an association of very small private institutions. We believe they are a good set of examples of the real costs experienced by institutions of postsecondary education today in administering Federal student aid programs. We understand that our colleagues representing other associations also have available documentation regarding administrative costs for student aid programs which they will be submitting to the Subcommittee. Our records indicate that at the typical institution in our Association, which is a major and large public university, the $125,000 ceiling on administrative costs allowances in college-based programs does not reasonably meet real expenses. And these schools have the benefit of economy of scale. At smaller institutions, where minimal costs of staffing, telephones, postage and space cannot be avoided, average costs may be higher. To date, many institutions have been compelled to keep costs down by cutting in vulnerable areas, and that usually means in staffing. Cutting salaries has meant having fewer or less qualified people serving the students who are ultimately penalized. We believe that the actual costs of administering Federal student aid programs support a five-percent allowance in the college-based programs and the BEOG program. We believe the enactment and implementation of such an allowance would have immediate positive effect on the quality of services provided to students at many institutions now fiscally incapable of providing such services.

We understand that the Chairman has in earlier hearings discussed the question of administrative costs, questioning whether the better procedure is a percentage as opposed to a capitation. We agree that it is accurate to state that administering a $500 SEOG award is not twice as expensive as administering a $250 SEOG award. However, for the sake of simplicity in administration and to obviate the need for additional paper work in keeping track of numbers of students assisted and reporting these to the Office of Education, we think the net result of a percentage approach would involve the same dollars distributed with the same equity. It has been suggested to us that because of the higher costs of attending private institutions the percentage approach might result in a slightly disproportionate distribution, with private institutions receiving more than their per capita share. If this, in fact, is so, we are untroubled in the light of the vast resources private institutions have put into student aid taken from their endowments over the past decade.

Until recently, we would not have thought of recommending that an administrative-cost allowance be provided for the Guaranteed Student Loan Program. Although some counselling costs and paper work may be involved, the student's relationship generally is with the banks which are reimbursed in the program. However, if the Office of Education's proposed regulations are implemented as published, institutions of higher education, as discussed above, will incur extraordinarily high costs in gathering data. Therefore, we would agree with the suggestions made in the ACE testimony that no less than $10 per GSL recipient be awarded to each institution to help defray the cost of fulfilling new Federal regulations.

Related to this problem of administrative cost, we should like to address a problem not referred to in the ACE testimony, and that is the quality of personnel operating the institutions' offices of financial assistance. For the most part we find the offices understaffed and the personnel overextended.

We are concerned that statistics indicated approximately one year ago that the average salary for a student aid officer in the United States was $10,500. This no doubt meant in too many instances that qualified people were underpaid and soon left for better paying positions--the rapid turnover of personnel in this field is well known--or that the institution was unable to obtain fully competent staff with available dollars. Student aid funds represent the largest amount of Federal dollars received by institutions from the Office of Education and these funds have to be administered by highly trained and knowledgeable officials. Dedication, which now exists aplenty, helps, but it does not replace professionalism. For that reason we recommend that, should the Congress modify the existing law and raise the administrative cost allowance to no less than five percent, a small portion of that sum, perhaps ten percent, be sequestered either within every institution or in bulk sum for administration by the Commissioner of Educationfor the specific purpose of continued training and upgrading of student aid officers. In administering the BEOG program, the Office of Education has conducted training programs with what appear to be very positive results. We believe that contracts with associations of professional student-aid officers to conduct effective programs would do much for the students of the country. We believe, too, that the major institutions, public and private, which have developed highly sophisticated student aid operations should be assisted in developing training programs for smaller, less sophisticated institutions in their geographical regions. While statistics are hard to come by, we have reason to believe that thousands of young men and women did not apply for the BEOG program, for example, because of their failure to receive the proper guidance and instructions on the campuses. A highly trained cadre of student aid officers across the land might have allowed this program to reach its fuller potential much sooner.

Mr. Chairman, the above concentrates on the special areas of concern our Association wishes to present in conjunction with the testimony of our colleagues in our sister associations. With your permission we would like to request that a fewother documents representing either an official position by the Association regarding a specific Higher Education Act program or an informal study we think might illuminate some of the issues be entered into the record of this Subcommittee's hearings. These documents consist of the views of our Association regarding possible modification of HEA, Title I, and a paper dealing with the recommendations for modification of the law relative to the "1202 Commissions." I believe that similar views regarding Section 1202 have been or will be presented to this Subcommittee. Our Association made similar recommendations in our proposals for modifications of the Vocational Education Act which the Chairman graciously introduced earlier this year. Finally, in recent months members of our institutional staffs have been conducting informal studies of various parts of the Higher Education Act. We would be pleased to make their papers available to the Subcommittee as seems helpful.

Mr.Chairman, we are grateful for the opportunity to appear before you to present the views of our Association, and also grateful for the opportunity to extend our membership's commendation to you and your colleagues for the services you have rendered this country in the field of education these many years.

May we add, too, our appreciation of your Subcommittee staff's accessibility, and their straightforward and constructive responses to our inquiries and suggestions. We believe this continuing relationship enables us to more effectively serve our institutions' students and communities.

We will be pleased to attempt to respond to any questions.

UNIVERSITY OF CALIFORNIA

BERKELEY • DAVIS • IRVINE • LOS ANGELES • RIVERSIDE • SAN DIEGO • SAN FRANCISCO SANTA BARBARA • SANTA CRUZ

CHARLES J. HITCH
President of the University
and
ROBERT L. JOHNSON
Vice President—University Relations

OFFICE OF THE PRESIDENT
BERKELEY, CALIFORNIA 94720

June 25, 1975

Mr. Peter R. Goldschmidt
Special Assistant to the President
University of California
1225 Connecticut Avenue, N.W.
Suite 407
Washington, D.C. 20036

Dear Pete:

Re: Cost of Administering Federal Aid Programs

This responds to your June 16, 1975 request for information regarding the cost of administering student aid funds. Attached is a chart showing the total amount of Federal funds administered or coordinated in 1973-74 by UC Financial Aid Offices in the National Direct, Supplemental Educational Opportunity Grant, Basic Educational Opportunity Grant and Federally Insured Student Loan Program. That amount totals $27,375,000. Federal, State and University aid funds administered or coordinated by UC Financial Aid Offices totaled $42,181,000 in 1973-74.

Also attached is a copy of Appendix "I" from the Report on the University of California Student Financial Aid Program 1973-74, indicating administrative expenses of $3,725,000, or 8.83% of $42,181,000 funds administered or coordinated. At that percentage the administrative cost for the Federal funds listed above would be $2,417,000. It may be noted that currently the University is eligible for a 3% administrative cost recovery for NDSL, SEOG, and CWS, which would be $472,000. There is no administrative allowance for either the BEOG or FISL programs, and the allowable amount is far below the 8.83% general administrative cost for UC Financial Aid Offices. It may also be noted that the University receives no administrative allowance for the expense

Mr. Goldschmidt
Page Two
June 25, 1975

of coordinating Social Security and State Programs, and a minimum allowance of $4 per veteran for the expense of coordination of Veterans benefit programs. In our view a flat percentage is preferable to a unit cost because the unit cost method would be most difficult to maintain satisfactory records as justification for allowances.

I hope the above will be useful to you.

Sincerely,

Ted D. Johnston
Coordinator, Financial Aid

Attachments

cc: A.T. Brugger

UNIVERSITY OF CALIFORNIA

1973-74 Federal Program Funds Awarded

(Amounts in Thousands)

	NDSL	SEOG	CWS	BEOG	FISL	TOTAL
Undergraduate	$5,556	$3,752	$3,249	$ 293	$ 6,212	$19,062
Graduate	2,038	N/A	1,146	N/A	5,129	8,313
Total	$7,594	$3,752	$4,395	$ 293	$11,341	$27,375

June 25, 1975

Office of the Vice President
University Relations
750 University Hall
Berkeley, California 94720

University of Californ
March 13, 1975
Appendix I
Page 1

UNIVERSITY OF CALIFORNIA
Summary of Support Costs and Sources of Funds
Financial Aid Administration - 1973-74 (Actual) and 1974-75 (Budgeted)

1973-74 FUNDING SOURCE	BERKELEY	DAVIS	IRVINE	LOS ANGELES	RIVERSIDE	SAN DIEGO	SAN FRANCISCO	SANTA BARBARA	SANTA CRUZ	UNIVERSITY-WIDE FIN. AID ADM.	CENTRAL STUDENT LOAN COLLECTION	TOTAL
General Funds	$ 4,121	$127,147	$ 18,991	$365,567	$ 51,992	$ 1,275	$ 63,950	$ ..	$ 3,924	$ ..	$ ..	$ 636,5
Restricted Funds												
Registration Fee	771,804	414,731	123,931	217,904	29,136	189,925	145,940	308,098	135,001	..	..	2,336,4
Education Fee	55,070	..	..	34,680	20,732	..	2,500	6,798	5,240	..	336,814[1]	461,8
University Opportunity Fund	..	1,546	55	1,681	11,500	..	..	1,255	..	61,509	..	77,5
Other	1,061	..	..	..	..	..	..	5,112	..	..	100,761	106,9
Carry Forward	..	..	..	..	..	..	..	..	..	..	105,000	105,0
TOTAL	$832,056	$543,424	$142,977	$619,832	$113,360	$191,200	$213,390	$321,263	$144,165	$ 61,509	$542,576	$3,724,7

1974-75 FUNDING SOURCE	BERKELEY	DAVIS	IRVINE	LOS ANGELES	RIVERSIDE	SAN DIEGO	SAN FRANCISCO	SANTA BARBARA	SANTA CRUZ	UNIVERSITY-WIDE FIN. AID ADM.	CENTRAL STUDENT LOAN COLLECTION	TOTAL
General Funds	$ ..	$ 1,710	$ ..	$363,004	$ 75,492	$ 1,295	$ 63,540	$ ..	$ 5,930	$ ..	$ ..	$ 510,97
Restricted Funds												
Registration Fee	452,338	577,279	168,135	287,392	12,300	226,215	136,906	353,057	150,419	..	..	2,764,04
Education Fee	55,910	..	..	38,560	11,400	..	2,500	..	5,245	..	348,131[1]	461,74
University Opportunity Fund	..	..	..	..	..	..	..	..	..	60,491	14,505	74,99
Other	..	..	..	..	..	..	..	2,950	..	..	..	2,95
Carry Forward	..	..	..	..	..	..	..	..	..	..	150,862	150,86
TOTALS	$508,248	$578,909	$168,135	$688,956	$ 99,192	$227,510	$202,946	$356,007	$161,594	$ 60,491	$513,498	$3,965,56

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[1] Original appropriation less carry forward to following year

The Association of American Universities
1 Dupont Circle, Suite 730 · Washington, D.C. 20036

COUNCIL ON FEDERAL RELATIONS
(202) [illegible]

June 20, 1975

TO: Jerold Roschwalb
Charles Saunders

FROM: John C. Crowley JC

RE: Cost of Education

The attached data from a CASC study may be useful background for the testimony on cost of education. Bill Shoemaker has the details.

47 College Sample

4 Yr Priv. Liberal Arts Colleges

TABLE XI a

COMPARISON OF AVERAGES IN FINANCIAL AID SERVICES

College Groups	Group 1 (FTE Enrollment Under 300)		Group 2 (FTE Enrollment 300-900)		Group 3 (FTE Enrollment Over 900)		All Colleges	
Items from Form E	Average	Range	Average	Range	Average	Range	Average	Range
Personnel								
Administrators/Staff								
Full-Time	1.00	0.00-1.00	1.06	1.00-2.00	1.36	1.00-4.00	1.14	1.00-4
Part-Time	1.00	0.00-1.00	1.29	1.00-2.00	1.00	0.00-1.00	1.10	1.00-2
FTE	0.90	0.50-1.00	1.07	0.25-2.00	1.21	0.25-4.00	1.06	0.25-4
Secretaries/Clerks								
Full-Time	0	0	1.08	1.00-2.00	1.20	1.00-3.00	1.14	1.00-3
Part-Time	1.00	0.00-1.00	1.00	0.00-1.00	1.33	1.00-2.00	1.11	1.00-2
FTE	0.46	0.25-0.75	0.90	0.13-2.50	1.33	1.00-3.00	0.90	0.13-3
Students								
Full-Time	0	0	0	0	8.00 *	0.00-8.00*	8.00 *	0.00-8.
Part-Time	1.20	1.00-2.00	1.82	1.00-3.00	1.63	1.00-4.00	1.55	1.00-4.
FTE	0.43	0.13-1.00	0.50	0.13-1.00	1.51	0.13-8.00	0.81	0.13-8.
Total Direct Costs	$10,109	$4,300-20,093	$17,147	$6,192-34,907	$24,167	$8,818-46,323	$17,141	$4,300-46
Number Served								
Applying for Fin. Aid	331	190-537	492	254- 986	768	381-1,633	530	190-1,6
Receiving Financial Aid	259	178-398	416	193- 768	632	231-1,015	435	178-1,0
Total Enrollment	460	350-580	773	575-1,025	1,109	951-1,643	781	350-1,6
FTE	399	297-438	678	535- 839	1,036	908-1,429	709	297-1,4
Unit Cost per Student Based on:								
Applying for Fin. Aid	$37	$12-106	$38	$14-67	$36	$12-34	$36	$12-106
Receiving Financial Aid	$43	$20-112	$43	$15-71	$41	$17-88	$42	$17-112
Total Enrollment	$22	$ 9- 39	$23	$ 9-33	$22	$ 9-42	$22	$ 9- 33
FTE	$26	$10- 49	$26	$10-38	$25	$10-45	$25	$10- 38

* Only one college reported

(continued on following page)

1973-4 Data

William A. Shoemaker
CASC

Crowley - 730

Table 1

AVERAGE STUDENT EXPENSE BUDGETS IN TEXAS COLLEGES

1968 and 1973

Type of Institution	Living Expenses				Direct Educational Expense	Total Expenses			
	Single Student		Married Student			Single Student		Married Student	
	Resident	Commuter	Resident	Commuter	All	Resident	Commuter	Resident	Commuter
					Academic Year 1968-1969				
2-Year Public	$1,153.50	$ 893.50	$1,844.50	$1,851.50	$ 297.50	$1,451.00	$1,191.00	$2,142.00	$2,149.00
4-Year Public	1,179.00	781.00	1,899.00	2,096.00	324.00	1,503.00	1,105.00	2,223.00	2,420.00
2-Year Independent	904.00	642.00	1,322.00	1,447.00	805.00	1,709.00	1,447.00	2,127.00	2,252.00
4-Year Independent	1,077.00	713.00	1,452.00	1,773.00	1,121.00	2,198.00	1,834.00	2,573.00	2,894.00
					Academic Year 1973-74				
2-Year Public	$1,499.00	$1,361.00	$2,649.00	$2,706.00	$ 328.00	$1,727.00	$1,689.00	$2,977.00	$3,034.00
4-Year Public	1,550.50	1,209.50	2,886.50	2,886.50	421.50	1,972.00	1,631.00	3,308.00	3,308.00
2-Year Independent	1,397.00	1,608.00	2,991.00	2,470.00	955.00	2,352.00	2,563.00	3,046.00	3,425.00
4-Year Independent	1,683.00	2,744.00	2,864.00	2,948.00	1,392.00	3,075.00	2,876.00	4,256.00	4,340.00

1973-74

May, 1975

47 SDCAP PARTICIPANTS

I.D. NO./NAME

1 Our Lady of Angels College
297 Aston (Delaware County)
Pennsylvania 19014

2 Silver Lake College
309 of the Holy Family
Rt. 5, Box 112
Manitowoc, Wisconsin 54220

3 King College
316 East State Street
Bristol, Tenn. 37620

4 Judson College
337 1151 North State Street
Elgin, Illinois 60120

5 Albertus Magnus College
398 700 Prospect Street
New Haven, Conn. 06511

6 Edgewood College
413 855 Woodrow Street
Madison, Wisc. 53711

7 Eureka College
428 Eureka, Illinois 61530

8 McPherson College
440 1600 East Euclid
McPherson, Kansas 67460

9 Sterling College
447 Sterling, Kansas 67579

10 LaRoche College
456 9000 Babcock Blvd.
Pittsburgh, Pa. 15237

11 Covenant College
458 Lookout Mountain
Tenn. 37350

12 Fort Wayne Bible College
504 1025 West Rudisill Blvd.
Fort Wayne, Ind. 46807

13 Gwynedd-Mercy College
546 Gwynedd Valley, PA. 19437

14 Barrington College
547 Middle Highway
Barrington, R.I. 02806

15 Eastern College
548 St. Davids, PA. 19087

16 John Brown University
573 Siloam Springs, ARK 72761

17 St. Martin's College
581 Olympus, Washington 98503

18 Roberts Wesleyan College
601 Rochester, New York 14624

19 Brescia College
603 120 West 7th Street
Owensboro, Ken 42301

20 Southern California College
623 2525 Newport Blvd.
Costa Mesa, California 92626

21 Walsh College
659 2020 Easton Street, N.W.
Canton, Ohio 44720

22 LeTourneau College
663 P.O. Box 7001
Longview, Texas 75601

23 Rio Grande College
661 Rio Grande, Ohio 45674

24 Spring Arbor College
724 Spring Arbor, Michigan 49283

25 Mount Mercy College
750 1330 Elmhurst Drive, N.E.
Cedar Rapids, Iowa 52402

26 Madonna College
759 36600 Schoolcraft
Livonia, Michigan 48150

27 Trevecca Nazarene College
770 333 Murfreesboro Road
Nashville, Tenn. 37210

28 Mid-America Nazarene College
774 2030 College Way
Olathe, Kansas 66061

29 Davis and Elkins College
836 Elkins, West Va. 26241

30 Ohio Dominican College
795 1216 Sunbury Road
Columbus, Ohio 43219

31 Messiah College
808 Grantham, PA 17027

32 Greenville College
839 Greenville, Ill. 62246

33 Eastern Mennonite College
908 Harrisonburg, Va. 22801

34 Findlay College
911 1000 North Main Street
Findlay, Ohio 45840

35 Gordon College
936 255 Grapevine Ave.
Wenham, Mass. 01984

36 Cedarville College
945 Cedarville, Ohio 45314

37 Carroll College
951 Helena, Montana 59601

38 Westmont College
974 955 La Paz Road
Santa Barbara, California 93103

39 Shaw College of Detroit
975 7351 Woodward Avenue
Detroit, Michigan 48202

40 College of St. Scholastica
978 Duluth, Minn. 55811

41 Texas Lutheran College
1011 Seguin, Texas 78155

42 St. Ambrose College
1098 Davenport, Iowa 52803

43 Houghton College
1199 Houghton, New York 14744

44 College of St. Benedict
1218 Saint Joseph, Minn. 56374

45 Central College
1318 812 University
Pella, Iowa 50219

46 Taylor University
1429 Upland, Indiana 46989

47 Western New England College
2084 1215 Wilbraham Road
Springfield, Mass. 01119

UNIVERSITY OF DELAWARE
NEWARK, DELAWARE
19711

VICE PRESIDENT FOR STUDENT AFFAIRS
218 HULLIHEN HALL
PHONE: 302-738-8707

April 25, 1975

Mr. Jerold Roschwalb
Director, Governmental Relations
National Assoc. of State Universities
and Land-Grant Colleges
Washington, D. C. 20036

Dear Jerry:

I am forwarding to you the attached memoranda from Dr. Robert Mayer, Director, Admissions, Records and Financial Aid, at the University of Delaware. Dr. Mayer has estimated the cost for administering federally supported financial aid programs and has made two recommendations for recovering these costs.

Dr. Mayer makes the point, somewhat modestly, that our financial aid program is administered efficiently. I would emphasize that estimates of costs will probably vary widely among institutions depending on the number of staff and budget of the financial aid office. From surveys we have seen regarding financial aid office budgets, I believe we do run a relatively inexpensive operation and, therefore, our estimates are probably on the low side. Even these cost figures, however, do support an argument for more administrative funds from the Federal Government.

Sincerely yours,

John E. Worthen

John E. Worthen

JEW:jf
Attachment
cc: Dr. Robert Mayer

UNIVERSITY OF DELAWARE
NEWARK, DELAWARE
19711

VICE PRESIDENT
APR [illegible] 1975
FOR STUDENT AFFAIRS

DIRECTOR
OFFICE OF ADMISSIONS, RECORDS,
AND FINANCIAL AID
PHONE: 302-738-2133

MEMORANDUM TO: Vice President Worthen
FROM: Robert W. Mayer
RE: Addendum to Memorandum of 3/27/75: Cost For Administering Federal Financial Aid Programs
DATE: 4/3/75

Following our specific recommendations, based on the data presented in my previous memorandum, regarding subsidization of administrative costs associated with the federal financial aid programs. These recommendations are based on the following:

1. The Congress has already recognized the need to subsidize administrative costs associated with the administration of federal programs, and it provides such subsidization for three of these programs. It is therefore only logical that the same principles for subsidization be applied to all federal programs.
2. It is clear that the cost for administering federally supported programs is substantially higher than is the cost for administering other aid programs. No other programs are restricted by the same conditions, regulations, and requirements as apply to the federal programs.
3. The administrative costs include not only the direct costs for operation of the Financial Aid Office, but also include direct costs incurred by the Bursar's Office and the Accounts Receivable Office.

Therefore, the following recommendations are made:

1. An administrative fee in the amount of 5 percent of the federal allocation to the University should be applied to the National Direct Student Loan Program, the Nursing Student Loan Program, the Supplementary Educational Opportunity Grant Program, the Nursing Scholarship Program, the College Work-Study Program, and the Law Enforcement Education Program. These are programs for which the full cost of administration falls to the University.

2. An administrative fee in the amount of 2½ percent of the total amount received by students attending the institution should apply to the Basic Educational Opportunity Grant Program and the Guaranteed Student Loan Program. The administrative cost to the University for these programs is less than that for the other programs.

RWM:bs

UNIVERSITY OF DELAWARE
NEWARK, DELAWARE
19711

DIRECTOR
OFFICE OF ADMISSIONS, RECORDS,
AND FINANCIAL AID
PHONE: 302-738-2139

VICE PRESIDENT
MAR 2 1975
FOR STUDENT AFFAIRS

MEMORANDUM TO: Vice President Worthen
FROM: Robert W. Mayer
RE: Cost For Administering Federal Financial Aid Programs
DATE: 3/27/75

This is in response to your request that we attempt to estimate the cost for administering the federally supported financial aid programs. Of course, you understand that such an assessment is difficult, since in our accounting system there is no break down of expenditures or personnel time by a specific aid program. Our only viable approach in this estimation is to consider the proportion of the total financial aid program which is supported through federal resources. Because of the complexities, recording requirements, and special criteria which apply to the federally supported programs, it is reasonable to believe that the administration of these programs probably requires more staff time than does the administration of some other financial aid accounts. Moreover, within the federal programs, it probably is less expensive to calculate eligibility and record as a part of the total aid package a Guaranteed Student Loan than it is to administer a National Direct Student Loan or place a student in the Work-Study Program (since in the latter case the Financial Aid Office operates a job placement service).

In terms of operating costs, we have considered only the cost for operating the Financial Aid Office, including salary and wages, as well as the supporting accounts. Some cost associated with financial aid administration also is incurred by other offices. The Admissions Office incurs small expenditures in nominating students for special awards and, along with other members of the University community, sitting on some of the scholarship selection committees. The Accounts Receivable Office incurs additional costs, first through the more complicated procedures required to record fee payment transactions for those receiving aid, and, second, in handling collections for the National Direct Student Loan Program.

Using figures for the 1973-74 academic year (since complete data are available for this year), the total cost for operation of the Financial Aid Office, including salaries, wages, and supporting accounts, was $62,768. The University received a total of $19,921 in recoverable administrative fees from the three federal programs which provide administrative support (at 3 percent of the dollar value of these programs) - NDSL, SEOG, and CWSP. Thus, the federal government provided funds for administrative costs which amounted to 31.7 percent of the total operating cost of the Financial Aid Office.

In 1973-74, federal financial aid programs (including NDSL, NSL, SEOG, NSP, CWSP, BEOG, LEEP, and GSL) totaled $1,963,600 or 56.5 percent of the total financial aid program ($3,470,000). Therefore, if the dollar value of financial aid is used as a base, then 56 percent of the administrative costs for the Financial Aid Office could be attributed to these federal programs. Based on this calculation, the cost for administering federally supported programs is estimated at $35,464, or $15,543 more than the administrative fees provided.

It is estimated that approximately 74 percent of all students who receive financial aid participated to some extent in one or more of the federal programs listed above. A total of 3,954 students received aid, and 2,943 participated in these federal programs. On a cost per recipient basis, the administrative cost for operating the Financial Aid Office amounted to $15.87 per participant. On this basis the cost for administering federal programs is estimated at $46,705, or $26,784 more than provided from administrative fees.

As was noted above, total federally supported financial aid was $1,963,600. Of this amount, $712,500 was NDSL, SEOG, or CWSP - programs for which the 3 percent administrative fee is provided. Thus, the other programs totaled $1,250,500. If a 3 percent administrative fee were applied to all federal programs, then the University would have received an additional $37,515, or a total of $57,437 (91 percent of the 1973-74 operating costs).

It should be noted that administrative costs as budgeted for the Financial Aid Office in 1974-75 totaled $77,245, an increase of 23 percent over 1973-74. Total financial aid, in terms of dollar amounts, increased by 37 percent to $4,756,100, and it is estimated that federal programs in the current year will increase to $2,785,100, an increase of 41 percent. The number of recipients of financial aid, it is estimated, has increased by approximately 21 percent in the current year, so that the cost for administration is approximately $16.07 per recipient, an increase of only one percent over the previous year.

Even though the University's financial aid program is administered efficiently - with only three professional employees, six and one-half staff employees, and a total of only $6,672 in other supporting accounts, the cost for financial aid administration is substantial, and a large portion of that cost is incurred through the administration of federally supported financial aid programs. Since the federal government has recognized these costs in the NDSL, SEOG, and Work-Study Programs, it seems inconsistent that administrative costs are not recognized for the management of Nursing Student Loans, Nursing Scholarships, and LEEP Programs. Further, although the cost for collection is not borne by the University, it seems inconsistent that there is not some administrative fee associated with the Guaranteed Student Loan Program. There is, of course, much less justification for providing any administrative costs associated with BOG, even though there are administrative costs associated with this program - making sure that those eligible apply and calculating BOG awards as part of the total aid package.

RWM:bs

ACM 4/27/75

Amendment to Sections 1202 and 1203, Higher Education Act of 1965, as Amended

Background

Attached is a side-by-side comparison of present law and a proposed amendment in the form of a substitute for section 1202, State Postsecondary Education Commissions, and section 1203, Comprehensive Statewide Planning, of the Higher Education Act of 1965, as amended.

The proposed amendment is included as sections 10 through 12 of S. 942, 94th Congress, 1st Session, the Postsecondary Vocational Education Act of 1965. S. 942 is a bill drafted by the National Association of State Universities and Land-Grant Colleges, and introduced with proposals from other organizations by Senators Pell and Beall. The amendments to sections 1202 and 1203 of the Higher Education Act, as contained in S. 942, are independent of other provisions of that bill related to vocational education. The 1202 commission amendments were included in the bill because these commissions would be involved in state planning for postsecondary vocational education under earlier provisions of the NASULGC proposal, and because of a belief by those who drafted S. 942 that certain changes were needed in the federal law related to 1202 commissions to make these effective vehicles for both federal and state purposes

Explanation of the Amendment

The following is a summary of some of the changes made by the amendment. This explanation is organized by the new sections as proposed in S. 942.

Section 1202(a)

The policy implied by the amendment to this subsection is that the federal government has a right to expect states to demonstrate substantive performance as a condition for participation in certain federal programs, but that the federal government should not dictate to states the structure within which such substantive performance is to be fulfilled. The amendment would permit states to achieve the substantive intent of the federal law in a variety of ways consistent with unique state laws, structures and circumstances.

Several of the specific changes are as follows:

(1) Section 1202(a) is changed from a requirement that a state establish or designate a state commission with a defined composition, to a requirement that a state submit a plan containing information on establishment or designation, in accordance with state law, of a state commission, and providing assurance regarding the processes to be undertaken within the state for certain purposes. The emphasis is changed from state structure to state process.

(2) A state would be required to meet the conditions set forth in section 1202(a) if the state desired to receive assistance not only under section 1203 or title X, as under present law, but also under other programs authorized by the Higher Education Act which require the use of a state agency or state commission. The conditions would also have to be met if a state desired to use its allotment under the Vocational Education Act of 1963, as amended, for postsecondary education. The intent of these broadened requirements is to assure the federal government that any state participating in certain programs (primarily categorical programs) has a comprehensive statewide planning process in operation. The amendment would not require that all Higher Education Act or postsecondary vocational education programs be administered by the 1202 commission.

(3) The state commission designated or established in the state plan submitted by the state to the U.S. Commissioner according to the proposed section 1202(a) is to be "the state agency responsible, in accordance with state law, for comprehensive statewide planning for postsecondary education." It is recognized that the statutes related to many existing state agencies may not explicitly authorize such agencies to undertake comprehensive statewide planning for postsecondary education - meaning planning of a scope far broader than planning for higher education, for example. By allowing one year from enactment of the new section 1202(a) for states to submit their plans under the subsection, the federal law would provide time for states to make the necessary changes in state law to assure that an agency with the state authority for comprehensive planning exists within the state.

(4) The new section 1202(a) would require that states set forth the means to be used to achieve active and direct participation in the comprehensive statewide planning by the state commission. The amendment would explicitly permit use of advisory councils, or other appropriate means, to achieve such participation. Although some states may wish to achieve participation through the membership on the state commission itself, this would not be required, and may not be evidence enough in itself of substantive participation. A number of states, either through constitution or state statute, prohibit institutional representation on existing state boards or commissions. The amendment would allow such states to use other means to achieve partitipation consistent with their unique circumstances.

(5) The new section 1202(a) would require states to demonstrate the means to be used to assure that federally-required state agencies or state commissions, if different from the 1202 commission, are adminis-

tered in a manner consistent with comprehensive statewide planning by the 1202 commission. This is intended to make possible administration of certain programs (such as student assistance) by agencies other than those designated as the 1202 commissions, but to assure that such separate administration is not inconsistent with comprehensive statewide planning.

(6) The new section would require states to evaluate the effectiveness of comprehensive statewide planning (whether or not the state receives assistance for such planning under section 1203), and the effectiveness of the means used by the state to achieve participation and inter-segmental and inter-agency relationships as set forth in the state plan. The results of this evaluation and revisions, if any, in the designations and assurances would be submitted annually in a report to the U.S. Commissioner of Education.

(7) The new section includes provisions authorizing the U.S. Commissioner of Education to withhold payments to a state under applicable programs if the requirements of the section are not met. The section also includes an appeal procedure through which states may challenge the Commissioner's determinations of state non-compliance.

(8) The amendment would delete section 1202(b) of the present law which authorizes the 1202 commission to use committees or task forces. This provision seemed unnecessary in light of the emphasis of the new provisions on giving states the freedom to develop whatever state structure may be appropriate provided that the substantive intent of the federal law is fulfilled.

Sections 1202(b) and (c)- Optional Consolidation of State Commissions

The amendment redesignates sections 1202(c) and (d) as sections 1202(b) and (c). The amendment continues the provisions of the present law which give states options regarding consolidation of state commissions or institutions required under titles I, VI or VII of the Higher Education Act, under the 1202 commission. The amendment makes a technical change in section 1202(c) (formerly section 1202(d)) by adding an authority for the Commissioner to make payments to state commissions for titles VI and VII if such state commissions are not consolidated with the 1202 commission. Such payments may not be made if a state does not show how such separately-administered commissions will be related to comprehensive planning by the 1202 commission.

The continuation of the options under these provisions is intended to reflect a policy that separation of planning and administration may be acceptable or even desirable and states should be given flexibility to decide on state structure provided that comprehensive planning is being undertaken.

Section 1202(d) - Definition of "State"

The amendment adds a new section 1202(d) which defines the word "state" for the purpose of the section to mean "the Governor or legislature of the State, or in the case of States in which members of the State agency responsible under state law for comprehensive state-wide planning for postsecondary education are elected (including election by the State legislature), such State agency." This amendment is designed to reflect the constitutions of some states such as the State of New York which have elected state boards with responsibilities for comprehensive state-wide planning.

Section 1203 - Comprehensive Statewide Planning

The amendment preserves the authority for the U.S. Commissioner of Education to make grants to 1202 commissions for comprehensive planning, but the section is reworded to eliminate certain ambiguities in the present law. The amended section explicitly states that the grants are to be used "to improve the quality and to broaden the scope of comprehensive statewide planning for postsecondary education" by 1202 commissions. The amended section also clarifies the objectives or ends toward which the comprehensive planning is to be directed, although these are purposely expressed in general terms to permit wide variation among the states in the kinds of activities undertaken in response to unique state needs and problems.

The Commissioner is required to promulgate by regulation criteria for evaluating applications under the section in terms of the objectives set forth in section 1203(a).

The authority for technical assistance to 1202 commissions, as in present law, is continued.

Section 1204(a) - Clarification of Federal Purpose of 1202 Commissions

This is a new provision designed to make clear that the federal law as expressed in sections 1202 and 1203 does not authorize 1202 commissions to regulate, govern or administer institutions of postsecondary education. The provision states, however, that the federal law does not prohibit states from assigning functions in addition to comprehensive planning to 1202 commissions in accordance with state law.

Effective Date

The amendments to sections 1202, 1203 and 1204(a) would be effective July 1, 1975.

SIDE-BY-SIDE COMPARISON
PRESENT LAW AND PROPOSED AMENDMENT TO SECTIONS 1202 and 1203, HIGHER EDUCATION ACT OF 1965, AS AMENDED

Present Law

Sec. 1202.(a) Any State which desires to receive assistance under section 1203 or title X shall establish a State Commission or designate an existing State agency or State Commission (to be known as the State Commission) which is broadly and equitably representative of the general public and public and private nonprofit and proprietary institutions of postsecondary education in the State including community colleges (as defined in title X), junior colleges, postsecondary vocational schools, area vocational schools, technical institutes, four-year institutions of higher education and branches thereof.

Section 10. S. 942, 94th Cong., 1st Ses.

Sec. 1202.(a)(1) Any State desiring to receive assistance after September 30, 1976, from any program authorized by this Act which requires the use of a state agency or state commission, or to use funds received by such State under the Vocational Education Act of 1963, as amended, for the purpose of postsecondary education, shall submit to the Commissioner prior to August 1, 1976, a state plan, which -

(A) designates the state agency responsible, in accordance with state law, for comprehensive state-wide planning for postsecondary education, as the "state commission," or if no state agency with such responsibility exists, designates an existing agency or establishes a new agency as the "state commission" which shall be authorized in accordance with state law to be responsible for comprehensive state-wide planning for postsecondary education in that State;

(B) sets forth the means to be used by such State, consistent with State law and unique State circumstances, to assure direct and active participation in the comprehensive planning for postsecondary education by the state commission designated or established pursuant to subparagraph (B), through membership on the state commission or through advisory councils to the state commission or through other appropriate means, of representatives of the general public, and public and private nonprofit and proprietary institutions of postsecondary education in the State, including community colleges (as defined in title X), junior colleges, postsecondary vocational schools, area vocational schools, technical institutes, four-year institutions of higher education and branches thereof;

Present Law

S. 942

(C) sets forth a plan of administration to assure

(1) that state agencies or state commissions in such State required by this Act and by the Vocational Education Act of 1963, if such state agencies or state commissions are different from the state commission designated or established under this section, are administered in a manner consistent with the comprehensive state-wide planning for postsecondary education carried out by the state commission designated or established under this section;

(2) that an administrative device has been established which provides reasonable promise for resolving differences between vocational educators, community and junior college educators, college and university educators, elementary and secondary educators, and other interested groups with respect to comprehensive state-wide planning for postsecondary education;

(D) sets forth the criteria and means to be used by the State to evaluate the effectiveness of comprehensive state-wide planning by the state commission, and to evaluate the effectiveness of the means used for the purpose of subparagraph (B) and of the plan of administration for the purpose of subparagraph (C);

(E) provides for submission to the Commissioner of an annual report not later than August 1 of each year beginning in fiscal year 1977, containing revisions, if any, in the information and assurances in the State plan as required in this section, the results of the evaluations carried out as specified by the State in accordance with subparagraph (D), and such other information as the Commissioner may reasonably require to assess the response of the State to the requirements of this section;

Present Law

S. 942

(2)(A) Whenever the Commissioner, after a reasonable notice and providing an opportunity for hearing to the State, finds that any of the assurances required by paragraph (1) are unsatisfactory, or that there is a failure by the State to comply with such assurances or other requirements of this section, the Commissioner shall notify that State that no further payments will be made to the State under any program authorized by this Act, which requires the use of a state agency or state commission, or under the Vocational Education Act of 1963, as amended, with respect to postsecondary education, until the Commissioner is satisfied that there has been or will be compliance with the requirements of this section;

(B) A State which is dissatisfied with a final action of the Commissioner under this section may appeal to the United States court of appeals for the circuit in which the State is located by filing a petition with such court within sixty days after such final action. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Commissioner, or any officer designated by him for that purpose. The Commissioner thereupon shall file in the court the record of the proceedings on which he based his action, as provided in section 2112 of title 28, United States Code. Upon the filing of such petition, the court shall have jurisdiction to affirm the action of the Commissioner or to set it aside, in whole or in part, temporarily or permanently, but until the filing of the record the Commissioner may modify or set aside his action. The findings of the Commissioner as to the facts, if supported by the substantive evidence, shall be conclusive, but the court, for good causes shown, may remand the case to the Commissioner to take further evidence, and the Commissioner may thereupon make new or modified findings of fact and may modify his previous action, and shall file in the court the record of the fur-

Present Law	S. 942
	ther proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence. The judgment of the court affirming or setting aside, in whole or in part, any action of the Commissioner shall be final, subject to review by the Supreme Court of the United States upon certiorari or certification as provided in Section 1254 of Title 28, United States Code. The commencement of proceedings under this subparagraph shall not, unless so specifically ordered by the court, operate as a stay of the Commissioner's action.
(b) Such State Commission may establish committees or task forces, not necessarily consisting of Commission members, and utilize existing agencies or organizations, to make studies, conduct surveys, submit recommendations, or otherwise contribute the best available expertise from the institutions, interests groups, and segments of the society most concerned with a particular aspect of the Commission's work.	(no provision comparable to 1202(b)as in present law)
(c)(1) At any time after July 1, 1973, a State may designate the State Commission established under subsection (a) as the State agency or institution required under section 105, 603, or 704. In such case, the State Commission established under this section shall be deemed to meet the requirements of such sections for State agencies or institutions. (2) If a State makes a degination referred to in paragraph (1) - (A) the Commissioner shall pay the State Commission the amount necessary for the proper and efficient administration of the Commission of the functions transferred to it by reason of the designation; and (B) the State Commission shall be considered the successor agency to the State agency or institution with respect to which the designa-	(b)(1) At any time after July 1, 1973, a State may designate the State Commission established under subsection (a) as the State agency or institution required under section 105, 603, or 704. In such case, the State Commission established under this section shall be deemed to meet the requirements of such sections for State agencies or institutions. (2) If a State makes a designation referred to in paragraph (1) - (A) the Commissioner shall pay the State Commission the amount necessary for the proper and efficient administration of the state commission of the functions transferred to it by reason of the designation; and (B) the State Commission shall be considered the successor agency to the State agency or institution with respect to which the designa-

Present Law	S. 942
tion is made, and action theretofore taken by the State agency or institution shall continue to be effective until changed by the State Commission.	tion is made, and actions theretofore taken by the State agency or institution shall continue to be effective until changed by the State Commission.
(d) Any State which desires to receive assistance under title VI or under title VII but which does not desire, after June 30, 1973, to place the functions of State Commissions under such titles under the authority of the State Commission established pursuant to subsection (a) shall establish for the purposes of such titles a State Commission which is broadly representative of the public and of institutions of higher education (including junior colleges and technical institutes) in the State. Such State Commissions shall have the sole responsibility for the administration of State plans under such titles VI and VII within such State.	(c)(1) If any State desires to receive assistance under title VI or under title VII but does not desire, after June 30, 1973, to place the functions of state commissions under such titles under the authority of the state commission established pursuant to subsection (a), (A) such State shall establish for the purposes of such titles a State Commission which is broadly representative of the public and of institutions of higher education (including junior colleges and technical institutes) in the State, and such state commission shall have sole responsibility for the administration of State plans under such titles VI and VII within such State; and (B) the Commissioner shall pay such state commission the amount necessary for the proper and efficient administration of the functions set forth in such titles VI and VII, except that no such payments shall be made unless the State has complied with the requirements set forth in subsection (a) of this section.
(no provision comparable to section 1202(d) as in S. 942)	(d) For the purposes of this section, when the term "State" is used with respect to the establishment or designation of state commissions or submission or state plans or assurances to the Commissioner, that term shall mean the Governor or legislature of the State, or in the case of States in which members of the State agency responsible under state law for comprehensive state-wide planning for postsecondary education are elected (including election by the State legislature), such State agency.

Present Law

Sec. 1203.(a) The Commissioner is authorized to make grants to any State Commission established pursuant to section 1202(a) to enable it to expand the scope of the studies and planning required in title X through comprehensive inventories of, and studies with respect to, all public and private postsecondary education resources in the State, including planning necessary for such resources to be better coordinated, improved, expanded, or altered so that all persons within the State who desire, and who can benefit from, postsecondary education may have an opportunity to do so.

(b) The Commissioner shall make technical assistance available to State Commissions, if so requested, to assist them in achieving the purposes of this section.

(c) There are authorized to be appropriated such sums as may be necessary to carry out this section.

(no provision comparable to section 1204(a) as in S. 942)

Section 11. S. 942, 94th Cong., 1st Ses.

Sec. 1203.(a). The Commissioner is authorized to make grants to any State Commission established pursuant to section 1202(a) to improve the quality and to broaden the scope of comprehensive statewide planning for postsecondary education by such State Commission in order to promote efficient and effective use of all the postsecondary education resources of the State - public, private non-profit, and proprietary as well as both collegiate and noncollegiate postsecondary education institutions - to the end that all persons within the State who desire, and who can benefit from postsecondary education may have an opportunity to do so. The Commissioner shall promulgate by regulation criteria for evaluating applications under this section in accordance with the objectives set forth in this subsection.

(b) The Commissioner shall make technical assistance available to State Commissions, if so requested, to assist them in achieving the purposes of this section.

(c) There are authorized to be appropriated such sums as may be necessary to carry out this section.

Section 12. S. 942, 94th Cong., 1st Ses.

Sec. 1204.(a) Nothing contained in sections 1202 or 1203 of this Act shall be construed as a federal authorization, requirement or suggestion that the State Commission established pursuant to subsection 1202(a) shall be authorized under either federal or state law to regulate, govern or administer an institution or institutions of postsecondary education, except that this section does not prohibit actions by States, in accordance with the laws of such States, to assign functions

Present Law

Section 12. S. 942, 94th Cong., 1st Ses.

in addition to comprehensive state-wide planning for postsecondary education to the State Commission established pursuant to subsection 1202(a)

Section 13. S. 942, 94th Cong., 1st Ses.

The amendments made by sections 10 through 12 of this Act (S. 942) shall be effective July 1, 1975.

ACM 4/27/75

Recommendations of the National Association of State Universities and Land-Grant Colleges on Revision and Reauthorization of the Community Services and Continuing Education Act

The Association recommends that the Community Services and Continuing Education Act (Title I of the Higher Education Act of 1965) be reauthorized. This important legislation provides a structure through which the continuing education and community services resources of America's colleges and universities are brought to bear upon the nation's community problems.

To make this Federal-institutional partnership more effective, we recommend that the act be amended as follows:

(1) The authorization statement should explicitly state two purposes for the act: first, to assist the people of the United States in the solution of community problems through continuing education and community service programs of colleges and universities; second, to recognize, through a Congressional statement of policy, the Federal government's use of higher continuing education resources and facilities through Title I(and more than 200 other acts) and the attendant need to provide specific appropriations to strengthen the capabilities of colleges' and universities' community service and continuing education programs. For this second purpose the act should provide for matching grants to be administered, preferably by the State agencies, from allocations to the States or by the U. S. Office of Education.

(2) The authorization statement should provide that the infrastructure of agencies created by the act may be used as a vehicle to provide the continuing education and community service programs authorized by other Federal legislation whenever appropriate. The Older Americans Act amends Title I to this end. Title I should and could thus become the means to avoid future proliferation of unnecessarily duplicative administrative structure for the delivery of the ever-increasing federally authorized continuing education/community service programs--programs which utilize college and university resources.

(3) The act should provide the means to strengthen the capacity of the Office of Education administering agency and the state agencies to provide greater technical assistance in the planning and execution of programs. To provide visibility and support to the growing importance of continuing higher education the act should be administered by a bureau-level agency in the Office of Education.

(4) The act should require that state agencies be higher education agencies to assure that the educational thrust and purpose may not be diverted or diluted and to assure that the continuing education/community service proposals and projects will reflect professional planning by educators.

(5) The National Advisory Council on Extension and Continuing Education has the responsibility to review the administration and effectiveness of all federally sponsored extension and continuing education programs including community service programs. The Council should be continued with provision for representation of professionals in continuing education, representatives of the public and representatives of government agencies in appropriate balance. The Council should be provided a specifically authorized appropriation for its task.

TITLE I, HIGHER EDUCATION ACT

Reauthorization Proposal

National Association of State Universities
and Land-Grant Colleges

April 1, 1975

When it became clear that the Education Committees of the United States House of Representatives and the U. S. Senate would begin serious consideration of the reauthorization of the Higher Education Act during 1975 and 1976, the National Association of State Universities and Land-Grant Colleges charged its members with responsibility for considering various segments of the Act. They were asked first whether or not the legislation in question should be reauthorized. If not, why not? And if so, are there changes that ought to be considered in the legislation so that the operation of the program might be improved?

The Council on Extension of NASULGC is composed of the deans, directors, and vice presidents of continuing education at member institutions. The Division on Extension was charged with the responsibility for preparing the Association's recommendations on Title I.

Recommendation 1, Reauthorization

NASULGC recommends that Title I be reauthorized and that an annual appropriation of $50,000,000 be authorized for it. It is the opinion of the Association, verified by the recent evaluation conducted by the National Advisory Council on Extension and Continuing Education, that Title I projects have achieved the purpose of the legislation in "assisting the people of the United States in the solution of community problems."

Recommendation 2, National Emphasis Programs

The record indicates that some Title I projects have achieved significant community goals and then have been put forever to rest when the project was completed. These projects could become a more valuable resource to their states and to other states if provision were made, in Federal law, for the expansion and replication of worthy projects.

NASULGC recommends new legislative authority that would authorize such sums as necessary to expand and replicate programs that should have a national or regional impact. The programs would be recommended by the Commissioner at the time of his budget request for Title I. The program should be administered by the state through grants made by the Commissioner on behalf of certain states, certain regions, or the Nation as a whole.

Recommendation 3, State Planning

NASULGC recommends an increase in the administrative allotment to each state from $25,000 to $40,000. This will provide resources so that state agencies for Title I, HEA, may better prepare program plans for community service.

NASULGC suggests the need to strengthen the state planning effort for all of postsecondary education so that the true priorities for community services may be elicited and communicated to the state Title I agency.

Recommendation 4, U. S. Office of Education

NASULGC recommends the establishment of the Bureau of Continuing Education in the U. S. Office of Education. This Bureau would house the Title I agency and would also concern itself with the continuing education program conducted by colleges and universities throughout the United States. It would be the focus of the total postsecondary education outreach program. The Bureau would provide the Federal leadership role for extended degrees and open universities, and it would be the natural focus of concern for the part-time student, who now outnumbers his colleagues undertaking full-time education, by a substantial amount.

For USOE, NASULGC recommends that 5% of the money appropriated for Title I, HEA, be reserved by the Commissioner for strengthening the national administration of the program. The money would be used by the Commissioner to assist the states in improving the management of the program and in the development of more sophisticated planning techniques. The money would also be used to improve communication between the national Title I office and the state agencies.

Recommendation 5, Institutional Capacity Building

Some state agencies and some institutions are under the impression that Title I funds may be used to increase the capacity of institutions of higher education to provide continuing education. Money, according to this line of thought, may be used without a program objective to strengthen the delivery system of institutions desiring to serve their community.

Although NASULGC does not read the law in this fashion, it does agree that under certain well defined circumstances, it would be appropriate to use Federal money in this fashion. New authorizing legislation would, in addition to making the money legally available for this purpose, limit the manner in which funds are used currently.

NASULGC recommends that state agencies be authorized to use up to 20% of their annual allotment or $75,000, whichever is less, to provide capacity building grants in the amount of $25,000 per year, not to exceed three years, to institutions that do not currently have the capacity to serve. The institutions should match the Federal contribution with their own funds. They should make a commitment to maintain the capacity to serve their communities after Federal funding ceased. They should demonstrate in their proposal to the state agency that the necessary resources are not otherwise available to their community; and, finally, they should provide a program plan indicating the services they would provide for the duration of the grant period.

The recommendations suggested above are designed to refine the legislation. They are not meant to suggest that the legislation is intrinsically defective. The major recommendation from the point of view of service to the Nation is the national emphasis program. The valuable Title I projects should have an opportunity to provide greater service to the states and the Nation.

Senator PELL. Mr. Holcomb of the Association of American Colleges.

Mr. HOLCOMB. I am Howard Holcomb, director of federal relations of the Association of American Colleges and the National Council of Independent Colleges and Universities.

The association has about 750 members, public and private, although primarily private, about 85 percent of them are private. The national council has about 1,000 members and those independent institutions are organized by States and now have associations in 37 States. And it is for these independent institutions that I would like to make my comments this afternoon.

First of all, I would wish to applaud the chairman and the committee for their approach to the reauthorization of the amendments of 1972. We have in recent days received regulations implementing some of those sections, and others are on the way, and we don't yet have official and complete data on the experience of some of the programs, particularly the BOG's. We concur in your wisdom in looking upon the reauthorization as something that is a simple extension, rather than considering any vast or major changes this year.

We are pleased with the levels of funding in the last 3 years, particularly in the areas of student aid, and wish to pay tribute to the administration as well as the Congress in recommending increased amounts each year. I am not sure we are keeping up with inflation and the growth of enrollments and the numbers of institutions, but at least we are making progress. I think that if we continue to work on those aspects of the legislation in the years ahead maybe by 1978 or some future year we might be in a better position for further major changes.

The boards of our associations have met within the last 4 weeks and have reaffirmed their support for the continuation of the amendments of 1972, expecially in their premise that student aid programs be based on measured financial need and that awards reflect to some extent the cost of attendance at the institution the student attends. Of course this association has been a strong supporter of the one-half cost factor, which we feel builds a choice as well as access into that particular student aid program.

On the basic opportunity grants, we would like to see the amount of those awards increased from $1,600 to $1,800. If it went to $1,800, for example, and were fully funded, that would still not bring the maximum award up to half the average cost of attendance at a private institution. That average cost of attendance next fall is predicted to be $4,300. So at $1,800 that would only reach up to $3,600 a half.

We are pleased with the information we are able to garner on the program in the sense that more students are enrolling and where the dollars are going, and await eagerly an official report from the Office of Education when it does become available for the first 2 years, at least, if not some predictions on the third year.

But it does seem that the students and dollars are distributing themselves equitably, if equitable is in percentages as they are normally enrolling, for all students in all institutions around the country.

As for the campus based programs, SEOG's, work-study, and direct student loans, we think it very important for the Congress to continue to protect with threshold levels of funding, and we do suggest some increases there, mainly because there have been about 1,000 institutions each added to those 3 programs in the 3 years since the amendments, and at the same time about 2 million more students are enrolled in colleges and universities, and other postsecondary institutions around the country. The figures we suggested tend to reflect current appropriation levels, which except for 2 years ago, stayed pretty much at the same level. Two years ago about another $100 million was put into the campus-based programs, with about one-third each in direct loans, work-study, and SEOG's. We feel that the campus programs should be extended and protected through the threshold funding levels.

On the State student incentive grants we are, of course, delighted with the progress there and understand that this year funds have been reserved by 45 States, two territories, and the District of Columbia. The level of State support is collectively reaching about $½ billion. This is approximately what the institutions themselves, the public and private, contribute about equally in this regard to go along with the $1½ billion this year, and more next year, in the BOG's to provide a well-balanced program.

And we think that probably an extension of the authorization levels, a modest one from the current $50 million up to $100 million might be appropriate, and probably also to set maximums for the SSIG's at the same level as BOG's. There too, $1,800 might be a better figure to consider.

On the cost of education allowances, I am afraid I reflect my personal pessimism in indicating that here the Congress, it appears, is reluctant to appropriate funds. For myself, I've had a good shot at it. For our associations I am satisfied that they are deeply interested in this program. We have surveyed them to find out, but probably we need to take another approach, something along the lines that have been suggested by Mr. Saunders, particularly in riding it in on the student aid some way would be a possible area which would provide very necessary funds to institutions.

Then I would like to depart from this subject very briefly and from your announced intention—and we concur with it— to not talk about any major new programs. I would like to make reference to one which our National Council of Independent Colleges and Universities did propose in January of this year, and which is the tuition offset program. The tuition offset would be a grant to an institution for student aid, or a contract. It could be whatever form the States would like to take, but we'd like to see a Federal partnership in this.

A number of States, several represented on this committee, have made some significant strides in this area, and are helping to preserve the private sector and keep us competitive. We have distributed this report to you and will make other copies available to the extent that you're interested in reading them.

And I don't want to apologize too much concerning this subject here and now, but on the other hand, waiting another 3 or 4 years to look at it may in some instances be too late.

The only categorical program I would like to make reference to is title III, because so many of our smaller, private institutions participate in that, and also because it has been well received both by the administration and appropriations committees. While it is not up to the full $120 million this year, by the looks of 5901, it may come out $110 million. This program may be ripe for some additional funding. This would be, I believe, an appropriate place for the committee to consider increasing the authorization. Now, that concludes my preliminary remarks and basic testimony. Thank you.

Senator PELL. Thank you very much. We would be glad to print your proposed program in the record.

[The statement and proposed program referred to follows:]

Statement of

Howard E. Holcomb, Director of Federal Relations,

ASSOCIATION OF AMERICAN COLLEGES and the

NATIONAL COUNCIL OF INDEPENDENT COLLEGES AND UNIVERSITIES

before the

SENATE SUBCOMMITTEE ON EDUCATION

July 15, 1975
10:30 a.m.

Thank you for the opportunity to testify during these oversight and information hearings on the higher education portions of the Education Amendments of 1972.

I am Howard E. Holcomb, Director of Federal Relations of the Association of American Colleges and the National Council of Independent Colleges and Universities. The Association is an organization of approximately 750 undergraduate institutions, both public and private, whose concerns relate primarily to liberal arts education. The National Council, an affiliate of the Association of American Colleges, is comprised of almost 1,000 independent colleges and universities which are now organized in 37 states into state associations of independent colleges and universities. My comments this morning are intended to reflect the concerns of these independent educational institutions.

First, we applaud the Chairman and this Committee for their approach to the reauthorization of the Education Amendments of 1972 in seeking a simple extension of the existing legislation. We agree in reviewing the 1972 amendments that they are just now settling into operation and should be given a few more years to grow before any major changes are contemplated. Indeed, regulations for several programs have only recently been proposed and others are awaited. In addition, complete and reliable official data on some of the programs initiated in 1972 are not yet available. Thus change simply for the sake of change is not desirable.

The Education Amendments of 1972 have been referred to many times as landmark legislation. While never disagreeing with this observation, few of us have been able to perceive their full impact on higher education. Extending the Amendments to 1978 or some appropriate future year, with technical adjustments, would thus give the higher education community and the nation the necessary time to gauge their full impact before suggesting further major innovations.

In the past three years we have witnessed significant gains in funding levels, particularly in student aid, and the settling in of new programs like the basic grants and state student incentives. Both the Administration and the Congress have supported these overall increases in funding for student aid programs and the education community, especially the students, appreciates that support. Our best mutual efforts in the next few years will be required to continue the growth of this support until such time as we hopefully can close completely the gap between student resources and student needs.

The Boards of Directors both of the Association of American Colleges and the National Council of Independent Colleges and Universities have met within the past four weeks and reaffirmed their support for the continuation of the current basic student aid programs. They suggested mainly changes in authorizing levels to accommodate inflationary impacts on the cost of education and thus the price of attending institutions of postsecondary education.

Basic Opportunity Grants

We believe the amount of the basic grant should be increased from $1400 to at least $1600 and preferably $1800. This latter amount, when combined with aid from the three campus-based programs, state scholarship programs, institutional resources and a variety of private support should make it possible for students to attend the institution of their choice. The flexibility in each of these resources permits the packaging of student aid to cover overall unmet student need wherever it exists. This flexibility is particularly necessary where student charges vary as much as one thousand dollars within as well as among different states.

Preliminary but unofficial information on the first two years of the basic grant program indicates that students and types of institutions participate in this program in proportion very much as the universe of all students and institutions share in the enterprise of postsecondary education. It would thus appear that the basic grant program has good balance.

Changes in the administration of the basic grant program might be desirable to overcome the annual shortfall in utilization of appropriations for this program. It might be that state administration of the BOG's would provide both a needed additional constitutency in support of the basic grants as well as a more rapid monitoring of the progress of student aid applications and the corollary matching of additional state and institutional resources.

Campus-based Programs

The three campus-based programs--supplemental opportunity grants, national direct student loans, and work/study--require the continued priority the Congress mandated for them in 1972. Together with the state student incentive grants and the institutions' own funds, these programs reflect the genius of the basic grant program and make it work. In order to protect them the Congress should continue to require threshold funding for them.

Because almost 1,000 additional institutions, an increase of more than one-third, have joined each of these programs since 1972, and because enrollments have increased in higher education by approximately 2,000,000 during that time, the amounts of the thresholds should be increased.

We respectfully suggest that authorizing thresholds be set at $300 million for SOG's, $360 million for work/study, and $293 million for national direct student loans. These increases also would help offset any shortfalls in the BOG program which may continue for a few more years.

State Student Incentive Grants

The state student incentive grant program enacted in 1972 has had profound results. Awards for the coming school year have been announced by HEW for 45 states, two territories and the District of Columbia. The total volume for the SSIG program this year is approaching one-half billion dollars, equalling the one-half billion in the BOG program as well as the almost one-half billion dollars the institutions themselves provide.

We believe it now appropriate to increase the funding levels annually for this program from $50 million to $100 million. Here too, as with the BOG's, the maximum award might well be increased to $1800 per year to reflect inflationary trends.

Cost of Education Allowances

We reluctantly conclude that the Congress is not likely to appropriate funds at this time for the cost of education payments to institutions. We do not believe the absence of funding reflects the complexity of the formual but perhaps our inability to make an adequate case for its support. In any event we do believe there is merit to the concept of supporting institutions which respond to federal priorities, especially in student aid. We therefore urge the Committee to consider institutional allowances which reflect the administrative costs for conducting federal student aid programs. We particularly request support for costs related to BOG and Guaranteed Student Loan administration.

The States and Independent Institutions: A Federal Partnership

The Association of American Colleges through its affiliate, the National Council of Independent Colleges and Universities, released in January, 1975, a task-force report entitled "A National Policy for Private Higher Education." The main thrust of this report calls for a narrowing of the tuition gap between the public and private sectors, currently averaging about $1600, so that the private sector can continue to compete.

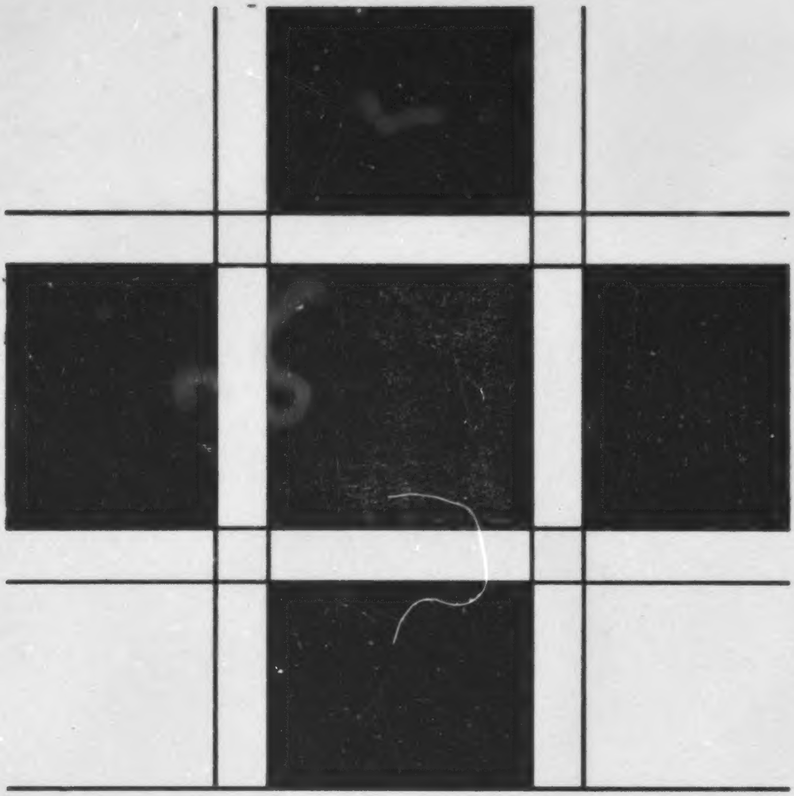
The NCICU report suggests a possible federal/state partnership of student aid, institutional aid, or a combination of both, which would narrow, but not close, this tuition gap. The individual state should determine the approach most appropriate for itself.

We applaud those states which have already begun to develop programs designed to narrow the tuition gap and urge the Congress to become a partner with all states in this essential effort to preserve the dual system. This partnership could take the form of incentives to states which develop programs to enhance choice for students and permit independent colleges and universities to become competitive again in the market place.

We recognize that this suggestion departs from your announced plans not to include major new legislation in these oversight hearings with which we have concurred. We do not believe, however, that this matter can wait the lapse of another three or four years before attention is given to it. We thank you for your consideration of this suggestion.

Categorical Programs

We join in the testimony of the American Council on Education in commenting on the categorical programs. We wish particularly to highlight the needs to continue Title III, strengthening developing institutions. Because it is one of the few programs in higher education to achieve full funding, and in consideration of the heavy demands on its resources, we urge the Committee to consider increasing the authorization to accommodate the enthusiastic support this program has received both from the Administration and the Appropriations Committee.



A NATIONAL POLICY FOR PRIVATE HIGHER EDUCATION

CONCLUSIONS AND RECOMMENDATIONS

A NATIONAL POLICY FOR PRIVATE HIGHER EDUCATION

The Report of a Task Force of the National Council of Independent Colleges and Universities

ASSOCIATION OF AMERICAN COLLEGES
WASHINGTON, D.C.
1974

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Editor's Preface

For the benefit of readers who wish to extract at minimum cost in time and effort the quintessence of *A National Policy for Private Higher Education: The Report of a Task Force of the National Council of Independent Colleges and Universities,* this pamphlet is being published concurrently with the report. It contains, exactly as they appear in that report, the Foreword, by the President of the Association of American Colleges, and the first two chapters, "Introduction" and "Conclusions and Recommendations." For full understanding of the facts and reasoning underlying the task force's recommendations, however, interested persons are urged to read the complete report, which is available at nominal cost from the Association of American Colleges, 1818 R Street, N.W., Washington, D. C. 20009.

PREFACE

This report is concerned with the future of private higher education. The recommendations it offers, however, are directed to the public interest in strengthening the whole higher educational system. It is the work of a task force appointed by the National Council of Independent Colleges and Universities. The report has been approved by the Board of Directors of that organization and endorsed by the Board of the Association of American Colleges. Thus it represents the considered judgment of the national organizations most closely identified with private higher education.

Private higher education includes more than 1500 colleges and universities located in all parts of the United States. They are non-profit institutions operating under private, that is non-governmental, sponsorship. Consequently, they are often described either as "private" or as "independent" institutions, and collectively as the private or independent sector of higher education. They are distinguished from "public" institutions, which operate under governmental sponsorship, and also from proprietary institutions which, though private, are profit-seeking enterprises.

The report was made possible by generous financial assistance from Lilly Endowment, Inc., and by the helpful cooperation of the Association of American Colleges.

The direction of the task force and the preparation of the report were under the able leadership of Dr Peggy Heim of Bucknell University (now Associate Director of the National Center for Higher Education Management Systems). The members of the task force, Dr Howard R. Bowen, who served as task force consultant, and Dr Elden T. Smith, Executive Secretary of the National Council of Independent Colleges and Universities, all deserve special recognition for their labors. Thanks are also due to the executives of state associations of private colleges for their advice and counsel, to President Charles H. Watts II and Dr Wendell I. Smith of Bucknell University for facilitating the study, and to many individuals who provided background information, especially Richard Tombaugh of the National Association of Student Financial Aid Administrators. Recognition should also be given to Howard E. Holcomb, Wendy T. Kirby and Betty Ford of the Association of American Colleges for their valued contribution and last, but far from least, to Alison Dagle and Pamela Bruch who assisted with the details and typing of early drafts of the report. Final organization and editing of the text was undertaken by F. L. Wormald, Vice President of AAC and editor of *Liberal Education* with the help of Janet Long. This indispensable technical service, of course, entailed no responsibility for the content of the report. The cover design is the work of Marti Patchell.

For the particular benefit of all those who may be concerned with the development of state programs of support for the private sector, a complementary report, prepared for NCICU by Professors William H. McFarlane, A. E. Dick Howard and Jay L. Chronister, is being published concurrently by AAC under the title *State Financial Measures Involving the Private Sector of Higher Education.*

Frederic W. Ness
President
Association of American Colleges

1

Introduction

American higher education has historically been conducted under two more or less distinct kinds of sponsorship. Throughout this report we shall perforce speak of "public" and "private" institutions and of the public and private sectors of the academic enterprise. In doing so we do not seek to emphasize differences. Both kinds of institutions have the same essential role: they are engaged in similar activities—instruction, research and community service. Both accept students from within and from outside the state in which they are located, though the mixture varies from institution to institution. Both receive funds, though in different proportions, from taxes, private gifts and student payments. Both kinds of institutions are public in the sense of meeting public needs and providing benefits to the public. They are complementary and interdependent. Together they constitute a system of higher education that is unsurpassed in its capacity to serve students of widely varying backgrounds and talents, in its ability to respond to a vast range of social needs, in its over-all performance and its peaks of excellence, in its fidelity to unfettered pursuit of individual development and the common weal.

The basic distinction between the two types of institutions lies simply in their sponsorship and in the variations of character and program that flow from differing sponsorship. Public institutions are underwritten by government, usually state or local government. Private institutions are sponsored by nongovernmental bodies and therefore are often referred to as "independent" institutions.

Higher education in this country originated primarily under private auspices. Though public support has a long history going back to the founding of Harvard in the seventeenth century, public colleges and universities became significant in numbers and enrollment only in the latter part of the nineteenth century. As late as 1950, enrollments were equally divided between private and public institutions. Since then, however, most of the growth has occurred in public institutions as the states have enlarged existing colleges and universities and created hundreds of new ones. Education in that sector has enjoyed large public subsidies which have enabled it to set its charges to students substantially lower than would be necessary to meet the actual cost of instruction. Such tuitions are far below those which private institutions must typically charge. Today, the private sector enrolls only about 24 per cent of the total student population (see

Table 1) and its share must be expected to decline still further. (The percentage, of course, varies widely among the several states.)

In recent years the financial position of private colleges and universities has been notably weakening. For a few institutions the situation is already becoming catastrophic; for most, including some of the most prestigious institutions, the future is precarious. Many thoughtful observers, believing that if the relative decline of the private sector is prolonged much further, it will be detrimental to higher education as a whole, view the prospect with dismay. The four commissions or task forces that have recently studied higher education in depth have all recognized the value of the private sector and expressed concern about its future.[1] Similarly, numerous earlier commissions and committees endorsed the concept of diversity and independence in higher education, and some of them recommended that the states should initiate or increase support for private institutions.[2] But for the most of those bodies public policy for the private sector was not a major concern and was treated peripherally.

Such lack of attention to the question of a public policy for private higher education is readily understandable. The very concept of privateness or independence invites the inference that the body politic has no responsibility for the private sector. Traditionally, the leaders of private higher education have themselves been happy to accept almost exclusive responsibility for the planning, the management, the social role and the future welfare of their institutions. They have tended to be wary of governmental intervention. Indeed the private sector may be regarded as making its distinctive contribution to the total endeavor precisely because it is relatively independent of government. It provides an indispensable counterweight to what might otherwise become a monolithic public system. So it is easy to assume that the health, welfare and survival of the private sector is none of the government's business and that no public policy for private higher education is either necessary or desirable.

The matter cannot, however, be disposed of so easily. Government cannot help having policies that affect private higher education in one way or another, even though they are not so intended. Private institutions are affected whenever a new public institution is established or an old one closed, whenever an educational program in a public institution is started or terminated, whenever public tuitions are raised or lowered, whenever public salary levels for faculty are adjusted, whenever certain sections of the tax law are amended. Moreover, government has a financial interest in the preservation of the private sector, which serves over 2,100,000 students at an estimated saving to the taxpayer of some 2.9 billion dollars a year.[3]

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[1] Appendix A to this report contains a summary of the findings of these bodies.

[2] Carnegie Commission on Higher Education, *Priorities for Action: Final Report*, McGraw-Hill, New York, 1973, pp. 167, 174. That report contains an interesting and useful summary of the findings of the principal commissions and task forces, beginning with the President's Commission on Higher Education which reported in 1947.

[3] Assuming an average subsidy in state institutions of $1400 per student (See Chapter 3).

The time has in fact come when the American nation must decide whether it shall continue to enjoy the benefits of a dual system of higher education. If it is convinced that the private sector is essential to the well-being of the whole academy and of the larger society, it must be willing to adopt purposeful and appropriate *public policies* to ensure the survival of the dual system.

Governmental policies designed to sustain threatened private activities of social value have long been established in other areas. Government has provided direct or indirect support for the arts and humanities, for hospitals, nursing care and medical research, for airlines and shipping, for small farms and small businesses, to name a few obvious examples.

Public assistance to private higher education is consistent with our national tradition and, in fact, is being increasingly provided. Many states have already acknowledged a responsibility to independent colleges and universities by adopting programs of financial support. What is now needed is to extend and intensify those initial efforts in a manner that will assure the survival and health of a competitive private sector without either impairing the essential independence of private colleges and universities or damaging the public sector.

The mounting problems of private higher education have not yet reached the point of irreversibility. They are still surmountable. The means for dealing with them are at hand and well within the capacity of the nation. But without prompt and positive action the outlook is bleak. The purpose of this report is to suggest the measures that are needed to maintain a flourishing private component in a healthy and balanced system of higher education.

The report is brief and can be quickly read, but for the convenience of the reader who is concerned only with its conclusions and recommendations, they are brought together in Chapter 2. The reasoning that led to those conclusions and recommendations is set out in Chapters 3-11.

2

Conclusions and Recommendations

Private Higher Education
(Chapter 3)

The private sector of higher education is enormously valuable to American society and is an influential complement to the public sector. Policy-makers in both state and federal governments should give increasing attention to preserving and strengthening private higher education.

Financial Distress
(Chapter 4)

The financial problems of private higher education other than demographic factors and escalating costs—the tuition gap, the unfavorable provisions of federal student aid programs, the indiscriminate creation of new public institutions, and tax reform proposals inimical to private philanthropy—could all be solved or alleviated by quite modest changes of public policy. State and federal governments should take measures along the lines proposed in this report, which are consistent with the public interest and the autonomy of private institutions, to effect the necessary changes. The measures proposed are to be viewed as a series of inter-related programs, primarily at the state level but supplemented by the federal government. Any one of them would be helpful, but all are needed to provide the private sector with the substantial support it needs in order to achieve long-range stability.

Narrowing the Tuition Gap
(Chapter 5)

Each state should provide adequately funded grants having the effect of substantially narrowing, but not necessarily closing, the tuition gap.

This report elaborates on one simple, direct and practicable way to narrow the gap, namely, tuition offset grants for all students in private institutions. We believe this specific proposal is sound and should receive serious consideration in every state. We recognize, however, that it is not the only way, and so it is not formulated as a rigid recommendation.

Rather we recommend that each state find a way, consistent with its traditions and needs, to enlarge student choices by substantially narrowing the tuition gap. Other possibilities would be to extend the coverage of present state programs of assistance to needy students in private institutions or to extend present state scholarship programs so that they would include far more students and provide more adequate grants. Another way would be to modify various federal programs of student aid so that they would include more students and recognize differences in tuitions between public and private institutions (See Chapter 7). Still another way would be to give institutional grants to private institutions from state or federal funds or both. The important objective is not to adopt a particular scheme but effectively to narrow the tuition gap in one way or another.

Correcting Geographic Inequities
(Chapter 6)

The amount and types of aid to private institutions and the students attending them have varied greatly among the states, with resulting inequities based on accidents of geography. An equally serious problem is that state aid to students in private colleges has usually been confined within state boundaries. Federal legislation should be enacted to provide incentive grants to the states to encourage them to overcome geographic inequities by giving adequate aid to private colleges and by making provision for students who attend out-of-state institutions. The federal program should be flexible enough to permit the states to act in accordance with their traditions, constitutional restraints and local conditions.

Federal Student Aid Programs
(Chapter 7)

Federal programs of student aid are not well suited to the needs of private institutions and their students. The programs do not provide realistic amounts of money to help students meet the costs of attending private colleges and universities. The conditions are often too restrictive or the programs are underfunded. Federal BEOGs should be modified, for example, by adding an extra allowance to students for private tuition or a special cost-of-education supplement for private institutions. The funding of all federal student aid programs should be increased to provide a realistic number and amount of grants.

Statewide Planning
(Chapter 8)

A rational system of higher education, including both public and private sectors, can only be attained by careful planning. State educational planning agencies should take into account the presence of private institutions, consult with them, when feasible make contracts with them for needed services, and otherwise avoid unnecessary duplication and wasteful competition. Private institutions should cooperate in statewide planning, but the actions of state planning agencies should respect the essential autonomy of both public and private institutions.

Taxation
(Chapter 9)

Federal and state income, inheritance and estate taxes should continue to provide strong incentives for philanthropic giving. These incentives should be strengthened, for example, by adopting the Pifer plan for increasing the exemptions available to lower-income taxpayers. Private colleges and universities should have the same tax exemptions as comparable public institutions.

Fund Raising by Public Institutions
(Chapter 10)

In the area of private giving as a source of support for higher education, new relationships and understandings between the public and the private sectors are needed. The private institutions should acknowledge that public colleges and universities may need private gifts for innovation and enrichment; the public sector should recognize that private institutions must enlarge their search for public funds, both on state and federal levels, in order to maintain their vitality.

Other Measures
(Chapter 11)

Present student loan programs are complex and ineffective. A coherent national system of long-term student loans should be established with adequate funding and moderate interest. It should *supplement* other forms of aid and not be viewed as a substitute for tuition grants or other aid programs.

To strengthen the academic quality of small, developing colleges and universities, which include among their ranks many institutions serving predominantly minority students, the federal program, Strengthening Developing Institutions, should be reauthorized.

The number of graduate fellowships and the level of funding for research should be increased. We support the recommendations of the 1974 report of the National Board on Graduate Education.

Many private institutions cannot obtain sufficient money from current funds for maintenance and depreciation reserves. Matching grants should be available to private institutions for replacement, remodeling and reconstruction of buildings and equipment. Bonding authority, available to private institutions in some states, should be widely adopted.

Lifelong or recurring education should be financed in a way that will enable both public and private institutions to meet these educational needs.

Senator PELL. Our next witness will be Mr. Vergil Dykstra of the American Association of State Colleges and Universities.

Mr. DYKSTRA. Thank you, Mr. Chairman.

I'm Vergil Dykstra, and I am president of George Mason University, a publically supported institution in Fairfax, Va.

I would like to thank the chairman and the subcommittee for allowing us to testify today.

I would like to speak particularly to those items that are of concern to the member institutions of the American Association of State Colleges and Universities.

We are in agreement with most of the points that have been made by the American Council on Education, as summarized by Mr. Saunders, and therefore I'd like to highlight those points that are of particular concern to our association.

I would like to request that a more complete statement of our testimony will be entered into the hearing record.

Senator PELL. Without objection, it will be included in the record at the conclusion of your testimony.

Mr. DYKSTRA. One of our most serious concerns, Mr. Chairman, involves the matter of low tuition. The institutions of our association are very strongly committed to provide access to educational opportunities. We believe that Federal programs of student aid can and should bolster rather than threaten the principle of low tuition.

In this connection we would like to urge that while student aid is important to expanding educational opportunities, institutional aid is equally important, and we are afraid this is often overlooked.

Aid to the institutions through cost of education or other approaches is essential if colleges are going to hold down their tuition and other student charges.

We are greatly distressed in our association and our member institutions by the erosion, the weakening, the lessening of support for the principle of low tuition. I would like to see this reaffirmed.

I won't speak to all of the various programs for continuation since we basically support what my colleagues on the panel have already expressed and what the American Council on Education witness has said. We agree in the changes that are proposed in the basic educational opportunity grants program.

With regard to the supplementary educational opportunity grant program, we believe that a change in the formula to some extent as proposed by the American Council on Education to assist students attending higher tuition institutions may be justified, provided that SEOG is adequately funded and aid goes to the student in public institutions, as well as in private institutions, in a fair proportion.

However, we would like to review the ACE proposal on this matter and submit further comments for the hearing record later.

Senator PELL. Yes.

Mr. DYKSTRA. One other point we'd like to stress with respect to student aid programs, such as the State student incentives program, is that Congress should add a strong maintenance of effort clause to insure that Federal student aid funds are not used in such a way as to reduce per student aid in public colleges, or to encourage tuition increases in the public sector.

In other words, there should not be encouragement to shift State funds in a way that is harmful to students attending public institutions.

In an appendix to the testimony I have submitted, AASCU has suggested statutory language to help achieve this goal. We commend this language or some comparable language in the legislation, to the subcommittee.

Our association strongly supports cooperative education. The validity of this concept is becoming increasingly evident. We favor amendment of the law so that students can work and attend college at the same time. The present law permits only alternate periods of work and study.

Finally, with respect to institutional aid in general, most of our institutions would prefer funds to be used at the discretion of the institution for priority instruction purposes, rather than small categorical programs.

Many educators would probably be willing to trade off some of the smaller programs for such more general aid under the cost of education formula or some equivalent formula.

Mr. Chairman, we appreciate the opportunity to testify. For the most part, we support the position that has been taken by the other associations.

Senator PELL. Thank you very much.

[The prepared statement of Mr.Dykstra follows:]

aascu

American Association of State Colleges and Universities One Dupont Circle/Suite 700/Washington, D.C. 20036 (202) 293-7070

Testimony on extension of the Higher Education Act, submitted to the Senate Subcommittee on Education by President Vergil Dykstra, George Mason University, Virginia, on behalf of the American Association of State Colleges and Universities, July 15, 1975

Since more extensive testimony on many technical points will be submitted by the American Council on Education, this statement will emphasize a few high-priority matters as seen by the American Association of State Colleges and Universities (AASCU).

In general, AASCU is interested in those federal programs which support access and also give colleges the capability to educate all students interested and able to benefit. We feel low tuition is vitally important for educational opportunity, and that federal programs--especially SSIG and other student aid programs--should bolster the principle of low tuition and not threaten it.

We believe that aid to the institution--through cost-of-education or other approaches--is essential to help colleges hold down tuition and other student charges. Institutional aid is as important in expanding opportunity as student aid--a fact sometimes lost sight of.

I. Student Aid.

1. BEOG: Ending the half-cost feature in BEOG, making the program a true entitlement, increasing the maximum grant to $1600, and allowing the maximum to rise each year with the Consumer Price Index, would be enormously helpful in increasing access to higher education.

2. College-Work-Study: Expanding the CWSP program and establishing a new Job Creation program to help find students jobs off-campus would also be very helpful to students.

3. SEOG: Changing the formula to some extent as suggested by ACE, to assist students attending higher-tuition institutions may be justified, provided that SEOG is adequately funded and that aid goes to students at public as well as private institutions in a fair proportion.

4. NDSL: The National Direct Student Loan program should be continued.

5. GSLP: This program should also be continued, with changes to eliminate subsidization of in-school interest after graduation, as recommended by the American Council.

6. SSIG: In funding the state scholarship incentive program, and all student aid programs, Congress should add a strong maintenance of effort clause, to assure that federal student aid funds are not used in such a way as to reduce per-student aid in public colleges, or to encourage tuition increases in the public sector--in other words, to encourage shifting state funds in a way which is harmful to students in the public sector. In an Appendix, AASCU has suggested statutory language to help achieve this goal.

7. Veterans Cost-of-Instruction: This program has helped many colleges to help veterans. AASCU members would favor continuing it unless there is a substitute program which would achieve the same purpose.

8. Cost of Education: AASCU and other associations strongly favor the extension of this program, with a simplified formula. We hope that it will be funded in the near future.

9. Administrative Allowances: All AASCU institutions will applaud proposals to raise the allowances for the college-based student aid programs to at least 5 per cent or $50.00 per student, whichever is larger; to include BEOG students and veterans; and to allow some funds for GSLP students too, since colleges also have major expenses related to this latter group. Colleges would also favor funds for better training of student aid officers, counselling, and other services related to federally aided students, especially those who are disadvantaged and need special services.

10. TRIO and Talent Search: AASCU institutions would favor continuing the Upward Bound, Talent Search, Special Services, and Educational Opportunity Center programs. AASCU would also like to see a careful study, perhaps by the General Accounting Office or a Congressional committee, of the efficacy of various approaches to Talent Search, outreach, and the dissemination of information about colleges to potential students, including the outreach services many colleges have developed to reach veterans under the VCOI program and other programs. It is possible that a few more dollars invested in such efforts may be an especially valuable way to reach more potential students, but we seem to have little hard information on this subject. This is particularly important when there are recommendations to develop EOC-type programs in every state.

11. Cooperative Education: AASCU strongly supports cooperative education. We favor amending the law so that students can work and attend college at the same time; the present law permits only alternative periods of work and study.

II. Other Parts of the Higher Education Act

1. Institutional aid in general: Most institutions would prefer funds to be used at the discretion of the institution for priority instructional purposes, rather than small categorical programs. Many educators would probably be willing to "trade off" some of the smaller programs for such more general aid, under the cost-of-education formula or some equivalent formula.

2. Other programs: AASCU institutions would generally agree, I believe, with the priorities expressed in the American Council statement. If there are to be separate categorical programs rather than funds for cost-of-education, they would agree that some important programs to be extended include graduate programs, certain kinds of construction funds (especially for renovation of facilities and for purposes related to energy conservation, occupational safety, and helping the handicapped), language and area studies, continuing and adult education, library aid, undergraduate equipment, and aid to developing colleges.

3. Education Professions Development Act: Many AASCU members are particularly interested in continuing and getting funding for the EPDA-E program, a small program for the in-service training of experienced teachers and other professionals, especially those who work with disadvantaged and minority students.

The EPDA-F program, for vocational education teacher training, also needs a careful review by Congress, especially if it is to be part of the new Vocational Education Act rather than the Higher Education Act. At present, state boards of elementary-secondary education select the graduate students who participate and approve all universities which wish to participate. This is not appropriate for programs for training these professionals, and the law needs amendment.

Appendix: Legislation to discourage state tuition increases

As we have stated, AASCU believes that the SSIG program and other student aid legislation should never encourage states to divert funds from supporting public college students or encourage them to raise tuition. We believe that strong maintenance-of-effort language is essential to prevent this.

Here is some suggested language which could be added, to cover all federal student aid programs in Title IV:

> It is not the intent of Congress that federal funds made available through any federally assisted student aid program in this Title, shall enable a state to reduce expenditures for institutional aid to public higher education which would otherwise have been made, or which result in an increase in public college tuition and student charges.
>
> The Commissioner of Education shall review annually the situation in each state to determine whether the use of federal student aid funds has encouraged any state or institution to act in such a manner. He shall examine such factors as total state appropriations for public and non-public higher education, appropriations for institutional aid and student aid in the public and non-public sectors, and tuition levels at all public institutions, including reasons for any changes in tuition or student charges.
>
> The Commissioner shall make no payment of assistance under this title to any institution or state agency which does not meet these requirements.
>
> The Commissioner shall issue an annual report on this subject to the House Education and Labor Committee and the Senate Committee on Labor and Public Welfare, and to the general public, not later than November 15 of each year.
>
> Any institution or state agency in any state which feels that this has been violated shall have the right to appeal to the Commissioner and to have a hearing before the Commissioner or his representative.

This language is only suggestive. AASCU will welcome the opportunity to discuss this matter further.

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Senator **Pell**. Mr. John Tirrell of the American Association of Community and Junior Colleges.

Mr. **Tirrell**. Thank you, Mr. Chairman, and members of the subcommittee.

For the record my name is John Tirrell, vice president for governmental affairs, American Association of Community and Junior Colleges.

The association's commission on governmental affairs over the last year has developed a position paper on selected Federal legislation, and it has been approved by the board of directors as the official position of the association. With your permission, Mr. Chairman, we would like to place that in the record, and that would considerably reduce my comments.

Senator **Pell**. It will appear in the record in full at the conclusion of your testimony.

Mr. **Tirrell**. Thank you.

The policy statement just placed in the record agrees almost 100 percent with the ACE statement presented by Charles Saunders, and thus AACJC would like to associate itself with that statement.

Thus, I can be very brief, and let me just highlight five of the priorities that the AACJC policy paper outlines. First, to encourage low or no tuition; second, to expand student financial aid and to increase the administrative cost to 5 percent, as recommended to you by ACE; third, to continue the authorization and hopefully fund the cost of education; fourth, to encourage formula grants rather than discretionary programs; and fifth, when discretionary programs must continue, use set-asides for community colleges.

Now, let me just give one example on each. First, the removal of the one-half cost limitation on BEOG would considerably help to encourage low or no tuition. This will bring about, as pointed out by the recent Carnegie Council statement, more equitable grants, and numbers of dollars to low income students, and low tuition kinds of institutions.

Second, we would be sympathetic to raising the minimum in SEOG to $300 or $400 to help expand particularly the numbers of students who might find it possible to choose a private, higher tuition institution. In our association we have about 200 private 2-year colleges, and many of them, Mr. Chairman and Senator Hathaway, in your New England area.

Third, to use the simplified formula proposed by ACE for cost of education. And fourth, we would like to see one formula used for the three college-based programs with the funds going directly to the States, possibly using the 1202 commission, and removing the treacherous regional review panels.

Fifth, with the increase in community college enrollments we would like to see an increase in the set-aside in title III from 24 to 30 percent and to include in title I, since in 13 States our colleges do not get one nickel, a 30-percent set-aside for community colleges.

On title III, as was mentioned a couple of times earlier, I would like to make a few comments. The expensive proposal writing required in title III, strengthening developing institutions, favors a larger, more affluent and sophisticated institution. The system should be devised to permit those with the greatest needs to qualify.

Second, the AIDP grants, some of them at least, are going to very affluent colleges and some of our own colleges that are very substantially supported by public taxes, both local and State, are getting AIDP grants in the million-dollar range.

We wonder if the Congress wants to grant millions of dollars to a few, or does it want to assist a larger number of deserving institutions.

Quite frankly, we ask in our statement that Congress give firmer direction to the kinds of programs, and a definite sense of direction of title III.

AACJC would also like to suggest to you and your staff a section for the new bill that our 100 California colleges initiated called "Postsecondary Lifetime Education," and this has interest in many sections of the country, and by some Members of both the House and Senate. When this concept is turned into more specific language, we will forward it to you for your consideration.

In addition, Mr. Chairman, we will confer with your staff on a few very technical amendments that we think will be helpful.

From previous appearances here I realize the most productive time is when we respond to your questions, and therefore, that concludes my statement.

Senator **Pell**. Thank you very much, sir.

[The prepared statement of Mr. Tirrell and other information follow:]

American Association of Community and Junior Colleges

Dr. John E. Tirrell
Vice President for Governmental Affairs

Subcommittee on Education
Committee on Labor and Public Welfare
United States Senate

July 15, 1975

Mr. Chairman and Members of the Subcommittee:

My name is John E. Tirrell, Vice President for Governmental Affairs of the American Association of Community and Junior Colleges, representing over 1,000 institutions that last fall enrolled over 3,500,000 students. The AACJC Commission on Governmental Affairs has prepared a position paper on selected federal legislation, and this has been approved by the Board of Directors as the official position of the Association. With your permission, we would like to place this statement in the record.

The AACJC Policy Paper just placed in the record agrees almost 100% with the ACE statement presented by Charles Saunders, and thus AACJC would like to associate ourselves with that statement.

Thus, we can be most brief in our comments. AACJC priorities for federal legislation are as follows:

1 - Encourage low or no tuition;

2 - Expand student financial aid and the 5% administrative cost recommended in the ACE statement;

3 - Continue and fund cost-of-education;

4 - Encourage formula grants rather than discretionary programs;

5 - Use setasides for community colleges in discretionary programs.

Some specific examples of these priorities would be:

1 - Remove the 1/2 cost limitation in BEOG;

2 - Raise the minimum in SEOG to $300 or $400;

3 - Use the simplified formula proposed by ACE for cost-of-education;

4 - Use one formula for the three college based programs (SEOG, CWS, NDSL) with the funds going directly to the states (possibly using the 1202 Commissions) and removing the Regional Review Panels;

5 - With the increase in community college enrollments increase the setaside in Title III from 24% to 30%, and to include in Title I a 30% setaside for community colleges.

At an early date, AACJC would like to suggest a section for the new bill that our 100 California colleges initiated, "Postsecondary Lifetime Education".

This has interest in many sections of the country and by some members of the House and Senate. When this concept is turned into more specific language, we will forward it for your consideration. In addition, we will confer with your staff on a few very technical amendments.

We appreciate the opportunity to be here, and know from previous experience the most valuable use of time can be in attempting to respond to your questions.

Recommended by the
Commission on Governmental Affairs
April 13, 1975

For more information contact:
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AMERICAN ASSOCIATION OF COMMUNITY AND
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(This is an updating of the Association's official position on selected federal postsecondary education policies and programs.)

Community and Junior Colleges & Educational Opportunity

THE AMERICAN ASSOCIATION OF COMMUNITY AND JUNIOR COLLEGES is an organization representing more than 1,000 colleges, collectively enrolling 3,500,000 students. Community, junior, and technical colleges are now found in more than 426 Congressional districts throughout the United States — an indicator not only of their widespread dispersion but of their possible social and political impact.

Community and junior colleges have been developed by the American people in their states and communities to offer UNIVERSAL OPPORTUNITY for postsecondary education to all the people, through colleges which combine quality, relevance, and comprehensiveness with low cost and accessibility. Community and junior colleges offer students of all ethnic backgrounds, ages, geographic locations, and socioeconomic and ability levels an educational experience suited to their needs and interests, including liberal arts, pre-professional or technical education, and occupational training and retraining, as well as community service and continuing programs of many kinds.

Despite these achievements, much remains to be done. Community and junior colleges accept the continuing responsibility of providing high quality and diverse education for all students and for reaching out to persons who are not now students but who could benefit from the opportunity.

Although in recent years persons from minority groups have been attracted into postsecondary education in far greater numbers, it is clear that the problems related to minority access have not been solved. Community and junior colleges have made an outstanding contribution to postsecondary education for minority students. However, Blacks, Spanish-speaking Americans, and American Indians are still not as likely to go to college and are still more likely to feel ill-served or out of place if they do go. Community and junior colleges must join with all of American education to improve the nation's educational services to and educational results with these Americans.

It is also apparent that there are a number of other identifiable groups for whom community colleges must show a greater concern. Such groups include women, both young women of college age who need encouragement to widen their horizons as they consider life's possibilities, and older women, perhaps nearing the end of their child-rearing years, who need guidance and opportunity for personal and career development. For a number of years ahead, military veterans and servicemen will be another group for which colleges must offer special outreach activities and attractive programs. Early retirees and older workers need opportunities for training in new careers; unemployed persons, including professionals, need training to develop new career qualifications. Senior citizens and retired persons also must be served in a number of ways by schools and colleges.

Increasingly, education is being seen as a lifelong process. More and more people want to combine work with study throughout their adult lives, returning to college from time to time for training in new skills or advancement in their current work, as well as for personal enrichment. Community and junior colleges must continue to give very careful attention to the development of effective and appropriate programs for part-time students. Financial aid for part-time students will be needed, even more than it is today.

Beyond education and other services to students, community and junior colleges work to serve the communities in which they are located — to do their part in contributing to the quality of life in those communities. Varieties of service include programs and cultural activities to enrich community life, and cooperation with community organizations and local government in solving community problems.

While some of these activities are not traditional "education," in our complex contemporary society contributions from all parts of the community and the nation, including the nation's colleges, are needed as we address changing times and an uncertain future. Community colleges are committed to do their share in improving the educational, economic, social, and cultural life of the people in their communities.

The Federal Interest

The federal government is the one governmental level in the United States which represents all the people. Thus it is both natural and appropriate that this level should recognize a broad responsibility in postsecondary education. Certainly, an educated populace is a national resource, and it is in the national interest to ensure that the quality of education be of the highest level attainable. As the federal government represents all the people, it recognizes equality of opportunity as a national goal, in education as in other areas.

Community and junior colleges have contributed greatly to the promotion of equality of opportunity in postsecondary education by opening their doors to people of all kinds, people who were previously excluded from this opportunity.

Community and junior colleges have contributed greatly to the economic well-being of the nation by supplying the trained manpower needed in a wide variety of businesses, industries, and social and governmental agencies.

Community and junior colleges have contributed greatly to the quality of life of the people in the nation through their myriad social, educational, and cultural programs and community services activities.

Thus community and junior colleges have been able to make significant contributions in the service of broad national educational and social goals. In this effort, national legislation in such areas as student aid, institutional assistance programs, and vocational education has been very helpful.

We have carefully studied the existing laws, and as the time for their reconsideration approaches, we offer these suggestions for improvements and changes which would bring federal legislation into line with changed situations and expected future developments.

As community and junior college educators, we believe that the federal assistance suggested below would help our colleges continue their effort to strengthen the educational and social needs of our country.

Low (or No) Tuition

We believe it should be national policy, supported by the federal government and by state and local governments, that postsecondary education opportunity should be available to all Americans so that each individual can develop to the utmost his or her potential to contribute to the social and economic well-being of the nation. For more than half a century this view has been held with regard to free public education in the elementary and secondary schools. The complexity of modern society demands more advanced education and technical competence on the part of ever-increasing numbers of people.

We take issue with recent recommendations on educational financing which if fully implemented would have the effect of pricing large portions of the population out of postsecondary education opportunities.

Rather, we urge the nation to hold to a policy of maintaining postsecondary education opportunity for all the people through low (or no) tuition public postsecondary education and to accompany this with support for students selecting privately operated institutions, which, through the variety of options they offer, make their own substantial contributions to the public weal. Experience with the G. I. Bill has shown that federal dollars spent in support of postsecondary education eventually are more than returned to the federal treasury through tax collections. The same logic would prevail here.

The statement below – adapted from a recent Education Commission of the States statement — was approved by the AACJC Board on June 27, 1975.

Until the middle of the 20th century, private higher education tended to dominate the higher education scene, both in terms of prestige and number of students enrolled. Since World War II, however, the picture has radically changed. From approximately 50% of enrollment in the late 1940s, private institutions have dropped to approximately 24% today.

The states have recognized a responsibility as indicated by the fact that in 1974-75 forty-two states have made indirect or direct aid of some form available to private higher education. Thirty-nine states have done so through student-aid programs. Of these, 16 states have provided tuition equalization grants specifically to enable students to attend private institutions. Some nineteen states provide aid directly to private institutions in various ways.

While AACJC recognizes the diversity among the states and does not believe that there is a particular way in which all states should help insure opportunity and choice for all their citizens, it urges the states to reaffirm the commitment to access, diversity, and choice and to recognize as basic policy the preserving of the dual system of postsecondary education that enhances maximum opportunity for access and choice. When a state considers the proper role in helping to preserve for its citizens the freedom of choice presented by the private institutions, it should have in mind the basic rationale for the existence of all postsecondary institutions — that is, providing postsecondary educational opportunities to those who seek and can profit from them. It is thus in the interest of all states to select methods of encouragement of the use of available private colleges and universities which will be educationally useful, economically sensible, and best suited to the circumstances of the country.

Setasides for Two-Year Colleges

We recommend that the Congress give serious consideration to an overall policy of providing setasides for two-year colleges in programs directed to institutions of higher education.

For a variety of complex reasons federal agencies have often been apparently blind toward two-year college applications. As a result, in programs without setasides, two-year colleges have tended to receive funding at a level that is less than appropriate, considering their contribution to American higher education.

In response to this problem Congress has provided setasides for two-year colleges in certain programs. Below is a brief outline of action Congress has taken.

One of the first was in the Higher Education Facilities Act of 1963, when a minimum of 22% of the funds for undergraduate facilities construction (Title I) were designated for two-year colleges. In 1969 this was raised to 24% in view of the expanded percentage of students enrolled in two-year institutions. This directed millions of dollars to construct and expand community colleges in the last decade.

In 1968 the Congress, in amending the Vocational Education Act of 1963, included a minimum setaside of 15% for postsecondary programs. As a result of this action, community colleges were able to provide the courses demanded by students and employers with a resulting explosion of occupational enrollments. In vocational education legislation currently under consideration in both House and Senate, this setaside for postsecondary occupational education programs is proposed at a minimum of 30 to 40%.

In Title III (Aid for Developing Institutions) of the Higher Education Act as amended in 1972, Congress again assured the two-year colleges a minimum percentage of those funds (24%). The setaside was pegged at the two-year college percentage of total enrollment prevailing a few years ago. Thus has provided many millions in federal funds for the improvement of community and junior colleges, and technical institutes.

While it may be unfortunate that minimum percentages must be mandated to ensure that federal programs reach all those for whom they are intended, it is one of the facts of life. AACJC has recently asked Congress to require the National Science Foundation to allocate a minimum of 15% to two-year colleges in their undergraduate science education programs. Similarly, the National Endowments for the Arts and the Humanities are both apparently reluctant to fund two-year college projects. A setaside requirement might also be beneficial in those areas, as well as others. As a policy, AACJC will request setasides in federal programs until they receive a fair and equitable share.

Formula Grants vs. Discretionary Grants

The above discussion of the need for setasides is an indication of a problem which can result from discretionary grant programs, in which awards are based on the combined judgments of outside readers, review panels, and federal agency administrators, who, quite humanly, judge as "good" that which agrees with their prejudices. To counterbalance this tendency, constant vigilance over the representativeness of reader panels and agency staff is needed.

[illegible]

Cost of Education Support

It is very clear that access to educational opportunity is not enough. The question becomes, access to what? Equality of access becomes meaningful only if the school, college, or university that a student attends is able to provide him with real opportunity.

Thus we believe that it is in the federal government's interest to contribute to the development and maintenance of the strength of the institutions which provide access to the students. A key to such a contribution is dependable, continuous, stable support, rather than constantly shifting priorities or an exclusive emphasis on "innovation." Stable support, which can be relied on for a period of years, can be integrated into long-range institutional planning and as a result put to maximum use in contributing to quality programming for students.

AACJC strongly supports the concept of cost-of-education allowances to institutions, which would help them better serve their students. This program was authorized in the Education Amendments of 1972 but has never been funded. We continue to believe that the program is of prime importance.

As a general rule, beneficiaries of federal student aid programs on which the cost-of-education allowances are pegged are from low-income families, and as a group they tend to include a greater portion of less academically well prepared students who are more in need of special programs and special assistance than are all students considered as a whole. The institutions are willing and eager to provide optimum educational opportunities to these students, but already pressed institutions find it difficult to meet the additional cost of these efforts. The cost-of-education allowances would help institutions provide these extra services and to enrich their offerings to all students.

Vocational Education

We recommend the adoption of revisions to the Vocational Education Act embodied in H. R. 3036 and S. 939 which would change the delivery system of state grants, increase funds going to the postsecondary level, and ensure that community college occupational education programs are adequately supported.

AACJC's recommendations are based on two important considerations. First, much more programmatic emphasis should go to occupational education programs for persons beyond secondary school age because of the increasing complexity of occupations as well as the decreasing proportion of persons under the age of 18. Secondly, in many states, the vocational education agencies have not voluntarily recognized the growing significance either of postsecondary occupational education or of the role of community colleges in that education. Thus a changed legislative emphasis is deemed necessary.

AACJC recommends that a minimum of 40% of state grant funds be allocated to the postsecondary level and that at least 75% of a state's postsecondary funds be allocated to community colleges. Similarly, the secondary level would get a minimum of 40%, and the remaining 20% would be divided according to the need in each state. Planning in the state for postsecondary occupational education would be done by the state's 1202 Commission. Postsecondary occupational education administration would be by an agency the 1202 Commission designated: the state community college agency or another agency.

The AACJC plan would consolidate research into a single program in which half of total funds are spent at the postsecondary level. The postsecondary funds administered by the Office of Education would be assigned to OE's Community College Unit. This would include the very important bilingual/bicultural vocational education funds.

Community Colleges and Occupational Education

The exciting program for community colleges and occupational education, authorized by the Education Amendments of 1972, has never been realized through appropriations. This is most regrettable, and under the circumstances we believe that it would be better to work to achieve Title X-B's objectives through the AACJC amendments proposed for the Vocational Education Act, an established and recognized program. AACJC's recommendations would increase the proportion of vocational education funds directed toward postsecondary occupational education to a level which more nearly approximates its importance.

We continue to believe that Part A of Title X, for the establishment and expansion of community colleges, is a valuable program which should be kept on the books and funded. We recommend that $15.7 million should be appropriated to begin the program by supporting statewide planning for community colleges. This sum would encourage and assist the states to develop plans and set priorities for the development of community college systems in the states. Funds would permit a survey of existing facilities and needs in relation to the states' demography and geography. Following the planning phase, funds can then be made available for the establishment and expansion of community colleges, with the goal of encuring to each citizen in the state access to low cost and comprehensive postsecondary educational opportunity.

1202 Commissions

Section 1202 of the Higher Education Act authorizes state planning commissions composed of all the postsecondary interests in the individual states, charged with the responsibility of surveying postsecondary education delivery systems in the state and recommending needed changes, fostering planning and cooperation among postsecondary institutions in the state. A 1202 Commission has been designated in 51 states and territories. *We strongly support retaining the authorization for the 1202 Commissions and increasing their funding.*

Student Aid

A varied and vigorous program of student aid is of prime importance to the achievement of equal access to postsecondary education. Such a program should contain the following elements:

Grant Programs

Basic Opportunity Grants — We believe that BOG funding should be sufficient to allow aid for part-time students; that the half-cost limitation should be removed so that the BOG grant can pay for most or all of a student's costs at a low-cost institution up to the limit of the maximum grant; that justice would be better served if assets were not counted in calculating family contribution levels.

Supplemental Educational Opportunity Grants — We believe it is essential to continue this program, which helps students base their choice of institution on type of program rather than simply on cost and thus a vital part of "access" to postsecondary education.

Work-Study

We believe that College Work-Study is a very valuable program and should be continued and generously funded. Among suggested changes, we recommend that the needs test be dropped in this program; students who perceive a need to work should be able to be assisted. We also support a program of grants to institutions to assist them in establishing and operating job development and placement offices to assist in finding employment for students both on-campus and off-campus, to include subsidized work-study jobs as well as nonsubsidized jobs with private employers, with an emphasis on the development of employment opportunities in community service offices and agencies.

We believe that serious consideration should be given to a new approach to work and study, which in effect capitalizes on the American work ethic by allowing prospective students to earn their college education through community service. The program could be called "Community Service Fellowships." Under this concept individuals would serve for periods of time in needed public service functions, and be rewarded for this service with assistance in postsecondary education. This program would be similar in concept to the existing G. I. Bill, which provides similar rewards for military service.

Cooperative Education

Although there has been considerable discussion about the similarity between cooperative education and work-study coupled with recommendations that the two be combined, we believe that there are sufficient differences between the two to justify separation. Work-study is primarily for purposes of financial aid; to the extent that the jobs are also educationally rewarding there is an extra benefit to the student, but it would be unwise to require that all work-study jobs be related to the educational program. Similarly, cooperative education is primarily for the purpose of education; where educationally related work also pays the student, there is again an extra benefit, but again it would be limiting to students to require that all educational job experiences be remunerative.

Loan Programs

We believe that loan programs should not be emphasized, especially for high risk students and for students from low income families. For these students, a loan may much more closely represent a form of self-indenture than an opportunity for education. Additionally, students in their first years of postsecondary education may be too uncertain of their life goals to justify giving them responsibility for educational debt repayments. The concentration of loan programs should be on upperclassmen and graduate students, although they should be available to freshmen and sophomores with careful judgment applied to each individual case.

When such judgment is not exercised, or when loans are utilized as an attraction in a recruitment program, the consequence may be disastrous both for the individuals concerned and for the credibility of the loan program. The default rate of the Guaranteed Student Loan Program is a clear sign that loans are not the panacea of educational opportunity.

These reservations apply both to the GSLP and to the National Direct Student Loan Program, but more to the first, in which the element of good judgment in individual cases is more likely to be lacking. The NDSL has the advantage that the institutions more closely control it; judgment is more direct and more likely to be exercised. This factor combined with the lower interest rate leads us to prefer the NDSL program.

We believe the payment of interest by the federal government on Guaranteed Student Loans while the student is in school — now amounting to over $300 million each year — should be abandoned. Students with this additional subsidy now should be given the option of now paying the interest, or having it added to the principal for later repayment.

State Scholarship Incentive Grants

Early experience with the SSIG program indicates that it is successful in stimulating greater state effort in student financial aid. We believe that state programs should be encouraged through continuation and greater allocation of funds to this program.

"Trio" Programs

We are not tied to all the existing components of this group of programs. Talent Search and Upward Bound may have served their purpose in their present form, although we do believe that programs to locate and encourage students from disadvantaged backgrounds to attend college are still needed. Perhaps these functions can be absorbed into the Educational Opportunity Centers, if there are enough of these centers to reach and serve all the communities of the nation.

We believe that the "Special Services in College" program is essential and that it should continue to be independent rather than area-based like the Educational Opportunity Centers. Students in community and junior colleges need a vigorous program of guidance, developmental education, and tutorial assistance. Many students in our colleges are ill prepared for college and need the opportunity to make up for such inadequacies after they enter college. This is needed to make "equal access" a reality — colleges must be able to help the students to stay, and they must have educational programs suited to their students' needs and abilities.

We support the recommendation that the Veterans Cost-of-Instruction program be encompassed in the "trio" program authorization section, to make perfectly clear that the program is intended as a student support program. This suggestion has been offered by Representative James O'Hara in his proposed amendments to Title IV of the Higher Education Act (H. R. 3471).

College Staff Development

We believe that Title V-E of the Higher Education Act, which provides federal support for the development and improvement of college faculty and staff, fills a vital need and should be continued and funded.

College personnel needs have in some ways become greater in recent years. With the limited infusion of new blood and new ideas as a result of turnover or faculty growth, the retraining and regearing of existing faculty will be even more important. Additionally, minorities and other "new" students, as well as the less academically qualified, need specially sensitive teachers and counselors who are trained to work with them. For example, faculty teaching the Spanish speaking need bilingual sensitivity as well as bicultural awareness and teaching methodology.

We also believe that college management is an area in which federal aid can be very helpful in order to assist colleges to get the most out of limited resources, and believe that staff development programs for college administrators, business officers, financial aid officers, and other administrative personnel on such topics as data collection capabilities, output measures, effective budgeting, and resource development (not to mention procedures for compliance with federal regulations) are very deserving of federal support.

Finally, we believe that federal government should retain its interest in increasing the pool of qualified educators from minority groups, women, and the bilingual through supporting graduate fellowships both in education and the disciplines. Such a policy would make it easier for colleges to conform with federal antidiscrimination policies since it would have a beneficial effect on the supply of qualified candidates.

Facilities — Construction and Renovation

This is another area in which there has been a tendency to over-react to recent changes in postsecondary education. While some college enrollments are stabilizing or declining, community college enrollments continue to increase at the rate of 10 to 12% each year. Many community colleges began in leased or temporary facilities and have yet to build their campuses or the facilities that they will use. Again, facilities need renovation, to modernize, adapt to new uses, or to conform to federal regulations including handicapped and occupational safety and health. Both construction and renovation are very costly; in the past the federal help often has provided an extra push to encourage local and state money and made construction and renovation projects possible.

[illegible] the authorization [illegible] in Title VII of the Higher Education Act should be continued.

Community Services

The community and junior college commitment to the communities they serve has been given stronger emphasis recently by the adoption of this goal for AACJC: to foster the development of community-based, performance-oriented postsecondary education. This is an indication of the Association's deep belief in close college-community relations, and in a focus on developing programs which are responsive to the needs of the people in the community.

We believe that Title I of the Higher Education Act should be continued and that the significant role played by community and junior colleges in community services should be recognized through a reservation of 30% of Title I funds for these colleges.

Also, we are interested in the community schools program as authorized by the Education Amendments of 1974. We believe that community colleges and state and local school systems should work together cooperatively in the development of community schools. We will be watching the implementation of this program with great hope and interest.

College Library Aid; Undergraduate Instructional Equipment

Small as they are, these programs are valuable for community and junior colleges, and we recommend that their authorizations, Titles II and VI of the Higher Education Act, be continued. With both programs the dollars invested yield a big return since the aid that comes to the colleges permits the acquisition of much-needed library materials and instructional equipment which really help them keep up with developments in fields of knowledge and in educational technology.

Strengthening Developing Institutions

This program, authorized by Title III of the Higher Education Act, has been of assistance to some institutions. It has enabled them to improve faculty, teaching methodologies, administrative practices, and student services to a degree that would not have been possible without this help. We believe that with some revisions there is a continued need for this program, and that the setaside for two-year colleges, which now enroll 33% of the nation's total undergraduate population, should be increased to 30%.

Some of the revisions should address these issues:

1) The expensive proposal writing required favors the larger, more affluent and sophisticated institutions. A system should be devised to permit those with the greatest need to qualify.

2) The AIDP grants are going to some very affluent colleges. Does the Congress want to grant millions of dollars to a few, or does it want to assist a large number of deserving institutions?

3) There are discussions of endowing some institutions. Is this the Congressional intent? Is it desirable?

4) Some grantee institutions spend large sums on consultants, overhead, and administration. Is this desirable?

5) Because the term "developing institutions"

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is so vague, the program's administrative procedures are very subjective. Congress should closely evaluate Title III, both the Basic and Advanced programs, and give firmer guidance as to the type of institution for which aid is intended and the kind of aid it thinks will help the target institutions (see Question 2).

While we firmly believe that a special program of help to needy and struggling institutions which serve large numbers of low income and/or minority students is a vital part of the package of federal higher education aid, we do feel that legislative clarification is needed to give Title III a more definite sense of direction.

Veterans

"The increasingly tragic fact facing the Vietnam veteran is that he is still involved in battle. This time, however, the fight is back home, and it is for decent jobs, decent medical care, and a decent educational opportunity. In short, what nearly 7 million Vietnam veterans are asking for is simply a fair shake from the nation for which they fought." This quote, excerpted from the November 1974 issue of the AFL-CIO *American Federationist*, serves as a telling reminder of a commitment that, as Americans and as community college leaders, we must not forget. AACJC has for many years been a leader in educational services for veterans and servicemen as our sponsorship of educational outreach and tutorial programs for veterans, and the Servicemen's Opportunity College and other activities for servicemen, will testify. We believe that educational opportunity for servicemen and veterans can be aided in the following ways:

1) Continued growth and development of the Servicemen's Opportunity College.

2) Regulations, and when needed legislative amendments, to foster the development and delivery of nontraditional educational programs for veterans in colleges and through the Servicemen's Opportunity College. Regulations or petty points of law should not be allowed to deaden creativity.

3) Continued watchfulness over the adequacy of the G. I. Bill. Two current problems have surfaced since the passage of P. L. 93-508 in late 1974. First, we oppose the effort to reduce the delimiting period back to eight years from the ten years that are now allowed. Secondly, we also favor permitting veterans to use the extra nine months of benefits (total months allowed is now 45 where previously the total was 36 months) for graduate study as well as undergraduate study. At all times benefit levels must be watched and kept even with the economy to make sure their real value remains constant.

4) The Veterans Cost-of-Instruction program should be retained as long as needed. Colleges should be encouraged to use these funds for a vigorous program of outreach as well as tutorial and other services to veterans as students.

5) Veterans Administration procedures must be effective to keep up with the demand for VA services. The long delays waiting for G. I. benefits checks are, we hope, permanently a thing of the past. Such delays have caused hardship to untold numbers of individuals.

International Education

The United States is one nation among a family of nations, and its fate is deeply affected by events in other parts of the world. Both general public understanding of international life and expert professional knowledge of specific countries and international situations are vital to the survival of the United States. *We believe that international education programs, including Title VI of the National Defense Education Act and 102(b)(6) of the Fulbright-Hays Act should be continued and adequately funded.*

Postsecondary Education Improvement

We strongly support the Fund for the Improvement of Postsecondary Education which gives colleges the opportunity to develop innovative approaches to education and believe it should be continued and the modest funding at least doubled.

National Institute of Education

We believe that the unification of education research represented by the establishment of NIE was and is a good idea, and regret the difficulties of the fledgling agency. We would oppose retreating to the earlier, fragmented system. However, at no time have officials in charge of education research shown an appropriate interest in community college research needs or capabilities.

We would favor allocating 15% of NIE's funds to research related to community college educational problems, separate and apart from funds that may be spent on the ERIC Clearinghouse exclusively for community and junior colleges.

Civil Rights Legislation

We continue to support the concepts embodied in the various laws relating to nondiscrimination, including Titles VI and VII of the Civil Rights Act, the Fair Labor Standards Act, and Title IX of the Education Amendments of 1972.

Such support is consistent with the commitment of community and junior colleges to open access educational opportunity for all Americans and following on the free opportunity for education, the free opportunity for employment. To the greatest extent possible our colleges observe the principles of nondiscrimination and affirmative action in their educational and employment practices. We hope and expect that these legislative authorizations will continue as long as discriminatory practices needing correction are present in our society.

Senator PELL. Finally we have Mr. Kidd, sitting in for Mr. Crowley, who represents the Association of American Universities.

Mr. KIDD. Thank you, Mr. Chairman.

My name is Charles Kidd, and I am the executive secretary of the Association of American Universities. This is a group of 48 relatively large universities that are heavily engaged in graduate education and research. However, they also have very large undergraduate enrollments, and are concerned with the student aid programs, as well as the other sections of the amendments.

I have a prepared statement for the record, which I would appreciate having inserted.

Senator PELL. It will be inserted in the record in full at the conclusion of your testimony.

Mr. KIDD. Thank you, Mr. Chairman.

One point which has not been made, and which seems to me to be significant is that the testimony you have heard from the witnesses here today, and what you will hear from other people is based upon a much stronger base of analysis and facts and considerations than was true when the amendments were adopted in 1972, and I hope the availability of these will lend credence to the judgments that have been expressed to you this morning.

I too would like to join my colleagues in expressing broad support for the position on all of the major issues stated in Mr. Saunder's statement.

To save time, I would like to mention a few areas where we have some reservations, and where some clarification and further study may be needed before a decision is made on the wording of the statute.

One of these points is with respect to the SEOG. The $400 flat minimum may create inequities for those who are just eligible or just ineligible for a grant. We think some transition provision might be worked out to make that smoother.

Also, I would like to join President Dykstra in suggesting we have a further look at the formula for the distribution of the SEOG grants. This is a very tricky proposition and a lot of studies are now underway which will shed light on the form of the most desirable provision.

On the State student incentive grant, this has certainly been a successful program. As others have indicated, we would caution against undue expansion of this program until the question of portability has been resolved, and until the essential function of the SSIG program has been worked out. Certainly the program needs expansion, and it can be expanded substantially, but when it gets to very high levels, the rate of expansion in our judgment, ought to be modified by these fundamental questions of purpose.

Finally, with respect to the student aid provisions, I would reiterate, consistent with what others have said, that the wisdom, equity, and desirability of any one provision in the student aid provisions can be judged only in light of the total package of which it is a part.

Finally, in conclusion, Mr. Chairman, I would like to say a few words about the graduate programs to which Mr. Saunders referred.

In our judgment the statute has become anachronistic. The wording is based on the assumption that we still have a shortage of very highly trained people, and that we need increased numbers of graduate fellowships for careers in postsecondary education. In our judgment, a complete revamping of the graduate provision is necessary to take realistic account of new national priorities.

The first one of these is that quality, rather than quantity ought to be the objective of graduate programs over the next decade. Second, greater attention ought to be paid in the statute to graduate programs as an instrument for meeting the needs of society. Third, the needs of new kinds of students ought to be taken into account more directly in the design of the graduate provisions of the act.

We see two essential parts of the graduate provisions that need work. First, the kind of change that ought to come about in graduate education ought to be sanctioned, in our judgment, by the statute; this requires a rewording of the provisions for aid to graduate education.

Generally, a lot of the things that ought to be done are very expensive, and the schools cannot do them without some general assistance for their graduate programs, and we would propose wording that would bring this about, Mr. Chairman.

With respect to the specific fellowship programs now authorized, they also need revamping. The problems there are primarily technical and each one of these provisions for general fellowships, fellowships for mining and conservation, and for minority students has a different set of technical specifications relating to stipend levels, allowance for dependents, length of tenure and matters of that sort. We think they ought to be made uniform; there is no reason why they should not be. We have worked through these with great care and are prepared to propose to the committee a set of provisions which would simplify and strengthen, in our judgment, the graduate fellowship programs.

Details on this are contained in the testimony. Mr. Chairman, I appreciate the opportunity to testify, and we stand ready to work with the committee and the staff in perfecting the amendments.

Senator PELL. Thank you very much indeed, and I look forward to it also. The statement on the ACE was very thorough and very good, indeed the presentation as a whole was well coordinated.

One basic question that will come up, and probably the most fundamental question that will come up as we consider this legislation will be this question of whether the half-cost limitation in the basic grant program should be dropped or retained. If we drop the half-cost provision, won't that mean that the poorer students would only look at the lowest cost institutions? I would like to get Mr. Holcomb's thinking on this question also.

Mr. SAUNDERS. Well, Mr. Chairman, this is a very important problem, and we have given it a lot of thought. I have a discussion paper analyzing the issue that we prepared in the process of developing our position. I would be glad to insert that in the record at this point.

Senator PELL. I wish you would. It would be very helpful.

[The prepared statement of Mr. Kidd and material referred to follows:]

TESTIMONY

before the

Subcommittee on Education

of the

Committee on Labor and Public Welfare

on

Amendment of the Education Amendments of 1972

Tuesday, July 15, 1975

by

Charles V. Kidd

on behalf of

The Association of American Universities

Mr. Chairman, my name is Charles Kidd, Executive Secretary of the Association of American Universities, and I am testifying on behalf of the Association. It is a group of 48 public and private universities characterized by heavy involvement with graduate education and research. They also have large undergraduate enrollment, so they are concerned with all of the student aid provisions as well as those dealing with graduate education. (List of members attached)

The first point which I wish to make is that intensive work by many competent groups has been done on the Education Amendments of 1972. The rationale of federal aid to postsecondary education has been explored in great depth, philosophies have been spelled out and contrasted, facts have been analyzed, and specific proposals have been put forward. All of these are available to the Committee and they should be helpful as the Committee proceeds with its deliberations. Among these studies one can point to the report of the Carnegie Council on Policy Studies in Higher Education, The Federal Role in Postsecondary Education, Unfinished Business, 1975-1980, the report of the Consortium on Financing Higher Education, Federal Student Assistance, a Review of Title IV of the Higher Education Act, the report of the National Council of Independent Colleges and Universities, A National Policy for Private Higher Education, the report of the National Association of Student Financial Aid Administrators , Clarifying Role and Responsibility in Student Financial Aid, and the discussions generated by the introduction of HR 3471, the Student Financial Aid Act of 1975, by Chairman O'Hara of the Subcommittee on Postsecondary Education of the Committee on Education and Labor of the House of Representatives. In addition, there are special analyses of data and policy issues that are available to the Committee.

All in all, the analyses now available are more thorough, more thoughtful and based upon a much stronger framework of facts than was the case when the law was last extensively revised in 1974.

Of course, not all of the recommendations are consistent, but the issues and choices are clear and there seems to be a substantial degree of convergence on policy issues.

This statement indicated the position of the Association of American Universities on what appear to be the major areas of discussion. As discussions with members of the Association, with informed experts and other Associations proceed, the views of the Association may well be modified in certain respects, and we would appreciate the opportunity to make these changes of view known to the Committee. This process of adjustment has proceeded over the past few months and it will probably continue.

Turning to specifics the current effort, as you have stressed, Mr. Chairman, should be to establish a sounder logical base for the existing student aid programs and to amend the existing law in ways consistent with their logical base. In addition, experience has uncovered numerous sources of administrative difficulties which can be eliminated by amendments. This is not the time to adopt a basically new approach to federal financing of postsecondary education.

The Basic Education Opportunity Grant, which you, Mr. Chairman, have consistently advocated as the key to attaining the fundamental goal of access, should be substantially strengthened. We support elimination of the half cost provision, but we stress the imperative need to consider the student aid provisions as a package. There can be in our judgment no evasion of the principle that the needs of students and not the needs of institutions should have first priority in a student aid program. But care must be taken to design and assure the financing of a total program which will not harm students by systematically penalizing certian types of institutions.

We support the principles of entitlement for BEOG's, and the principle of basing the amount of the grant to individuals on cost of attendance.

The Supplemental Education Opportunity Grant should have as its function the extension of choice, and be based in principle on cost of instruction. It should help low and middle income students to finance their education at moderate and higher priced public and private colleges and universities. This means that the formula for computing individual grants must allow more for students who wish to attend high priced public and private institutions. There are different ways of doing this, and the details of the formula will determine how the grants will be distributed among students attending institutions with different price structures. We believe that the effects of various formulas for computing the individual SEOG's have not yet been explored in enough detail to provide solid ground for a carefully reasoned and documented decision. For example, we believe that the minimum SEOG should be increased as the American Council on Education and others have proposed. However, a high fixed minimum -- such as $400 as proposed by the American Council on Education -- will leave some students with no grant while others in virtually identical circumstances will recieve a $400 grant. It should be possible to arrange a smoother transition. As another and perhaps more significant example, the way in which different formulas proposed by the ACE and by the Consortium for Financing Higher Education would distribute funds to students attending institutions with different price needs further study.

Since we believe that the role of the federal government is to provide students with a choice as well as basic access, we support the idea of providing firm assurance that funds will actually be available to finance SEOG's. If there were statutory entitlement for BEOG's, this type of grant would have a clear first claim on funds and SEOG's could be starved. Accordingly, a statutory formula requiring that SEOG's be financed at a minimum level as a proportion of the BEOG appropriation is sound.

We believe that the existing formula for allocation of SEOG funds among the states is anachronistic and should be changed. We would much prefer a system under which the amount of the SEOG can be predetermined and is not dependent upon the outcome of an unsatisfactory state distribution formula. The report of the Consortium on Financing Higher Education has sound proposals for such a system.

State Student Incentive Grant.

The SSIG program has certainly been successful and it should be expanded. However, two unresolved problems suggest caution in the rate of expansion.

One problem is that if students may use grants financed in part with SSIG funds solely in their state of residence, the federal government would be a party to a national program which discourages movement of student among states. Part of the federal interest in the SSIG program is to encourage freedom of movement. Therefore a requirement that state grants financed in part with SSIG funds be portable should exist before large amounts are authorized for the programs

A more fundamental problem relates to the purpose of the program. A large SSIG program -- that is, Federal appropriations of $200 to $400 million per year -- would make this program a major component of all governmental aid to students. Accordingly, the functions that the grants are supposed to perform as part of a total system should be clear. This seems to us to be a problem which has not been thought through with the clarity that should precede a rapid build-up of the program. We incline to the view that the SSIG program should be viewed as a means of expanding the choice of students on the ground that a Federal BEOG program with full entitlement would resolve the question of access. The Committee might well direct special attention to this question of the basic purpose of student aid financed under the SSIG program before making this program a major component of the total array of federal student aid programs.

Finally, there is the possibility that an SSIG appropriation in the $200 to $400 million range will cause states to shift funds to student aid without increasing the total postsecondary aid budget. It is not clear that such a shift in expenditures would result in all cases in the most rational priorities.

Taking these reservations into account, there is still ample justification for solid increases above the current modest level. Authorizations for the program might well be doubled to $90 million for fiscal year 1979, and increased by a third in each of the two following years. This would produce an authorization of $160 million by fiscal year 1979. A review of the program at that time would provide guides to the purpose, effect and level of the program.

Work-Study

All of the examinations of this program by competent students point to the same conclusions. The authorization should be increased substantially; minimum wages should be paid; the CWS funds should be used more flexibly among fiscal years; and there should be transferability with SEOG funds.

We support these proposals.

Loan Programs

The AAU members strongly urge that institutions be permitted to continue to serve as lenders. They would at the same time advocate that the law establish rather stringent minimum requirements relating to the professional capability of their financial aid staffs and their general capacity to act responsibly as lenders. All states simply will not establish loan programs adequate to meet the needs of undergraduate, graduate and professional students who ave special requirements and who come from all parts of the country.

We concur with a number of suggestions that have been made by the National Association of Student Financial Aid Administrators, the American Bankers Association, the Consortium on Financing Higher Education and the American Council on Education. The testimony of the latter organization spells out these proposals.

However, we have a serious reservation as to the wisdom of one proposed change -- elimination of interest subsidy under the Guaranteed Student Loan Program. While we share the general objections to the interest subsidy, we urge that the full consequences of removal of the subsidy at this time, as has been recommended by some groups, be most carefully reviewed by the Committee before a decision on this matter is made. It is important that increased grant funds actually be in place before the subsidy is removed.

Administrative Cost Allowance

Institutions of higher education simply cannot invest from their own funds the amounts required to administer student aid with full effectiveness without withdrawing support from other vital functions. The cost of proper administration of the Federal student aid programs, which is a service to students, should be considered an integral part of the cost of the student aid program.

We therefore fully endorse the proposals of the American Council on Education.

Cost of Education Payments

The cost of administering student aid provisions is small compared with the cost to institutions of making up the difference between the amounts which students pay and the cost of their education. Every Federally aided student accepted by a college or university loads additional costs on the institution which it must meet by using institutional funds. It is only equitable that the Federal government share with the institution the burden created by acceptance of the Federally aided students.

We believe that the complicated formula in the existing law can and should be simplified along the lines suggested by the American Council on Education.

Graduate Programs

The Association of American Universities has a special interest in graduate programs because most of the graduate education in the country is carried on within its schools and departments.

The reasoning and the proposals contained in the testimony of the American Council on Education was prepared in consultation with both the Association of American Universities and the Council of Graduate Schools, which is composed of virtually all of the graduate schools in the nation. The proposals therefore represent a broad consensus. It should be pointed out that, as in the case of the student aid provisions, the proposed changes are intended to remove anomalies, anachronisms and inconsistencies while keeping the basic framework of the legislation.

Both organizations are prepared to present further data, reasoning and statutory language.

Conclusion

This concludes the review of specific programs. All aspects of the amendments have not been touched upon but rather those of most significance to the members of the AAU.

The Committee will note that the changes advocated above are not novel but are rather drawn from a number of sources. They are further evidence of a growing consensus in the postsecondary education community on the directions that amendment should take. The comprehensive statement of the American Council on Education also contains a large number of suggestions on which the Association of American Universities and other associations agree. There is not a unanimous front on all points, and the testimony above indicates some points on which the Association of American Universities has not agreed with proposals made by the Carnegie Council, the Consortium on Financing Higher Education and the American Council on Education. However, the areas of agreement are wide, discussion of differences continues, and there is no necessity that every group subscribe in detail with a single set of proposals. The differences among groups as well as their agreements should be helpful to the Committee as its work proceeds. We stand ready to assist the Committee as it may wish.

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ACE PAS/OGR Staff Paper
For Discussion 6/75

Analysis of Arguments Against Removal of BEOG Half-Cost Limitation

Removal of the half-cost limitation on BEOGs was recommended by the Carnegie Council's report of March 6 as "inconsistent with the program's major objective, to ensure equality of opportunity." The Carnegie report pointed out that, while the half-cost limitation reduces the grant for students from low- and middle-income families attending low-priced public institutions, it does not affect eligible students attending higher-priced institutions.

Earlier analyses by economists Hartman, Hansen and Lampman were cited to support the conclusion that the half-cost limitation is discriminatory. The Carnegie report noted further that low-income students frequently have only one feasible option for postsecondary education: attendance at a nearby low-priced public institution. Their financial need is primarily for noninstructional costs, but the present limitation of the BEOG grant makes it impossible to cover these costs, which may make their only practical choice between not attending at all, or attending on a part-time basis while working. If their families need a contribution from their earnings, which is frequently the case, their opportunity is further limited.

The Carnegie recommendation has been endorsed by several higher education associations, and by the Consortium on Financing Higher Education. The O'Hara bill (HR 3471) would remove the half-cost provision. Such removal has been opposed by some associations of private colleges on grounds that removal of the half-cost limitation would result in a relative gain of the share of BEOG awards for two-year public institutions at the expense of the private colleges, and would inhibit student choice of private institutions. The following analysis questions the basis for these claims:

Supporters of the half-cost provision argue that a grant which barely covers costs of low-priced institutions would tend to discourage attendance at private, higher-priced colleges. They point out that in the post-World War II era, when GI benefits were more generous, veterans attended college in approximately the same proportion as general enrollments in public and private colleges (51-49 percent), but with the current, more restricted benefits only 15.7 percent of veterans attend private colleges, compared to 22 percent of the general college student population.

The analogy with post-World War II veterans benefits ignores the substantial change in the distribution of public and private enrollments over the last three decades due to the growth of public institutions, and the significantly different characteristics of current GI bill users as compared with those of the average BEOG recipients or the general student population. According to a special analysis of the 1971 ACE survey of first-time, full-time students, "The Vietnam Era Veteran Enters College" (ACE, Office of Research, 1972), veterans tend to have poorer high school academic records than male nonveterans, and lower educational aspirations upon entrance to college. Veterans express less concern about financing their education than their freshman peers, indicating the contribution made by their GI benefits. Veterans also plan business or technical majors and careers more than other male freshmen, and are less likely to be planning professional careers. Veterans' institutional decisions are more likely to be based on proximity to home, or special educational programs, and less on institutional reputation than other male freshmen. The factors in choosing an institution are quite different for a 17-year-old high school student than for a veteran in his mid-20s who is more likely to have family or financial responsibilities, less mobility, and a desire to acquire a marketable skill in the shortest time possible. Furthermore, public community colleges have made special efforts to accommodate veterans and their special needs, are more likely to accept veterans upon discharge at any time of year, and do not require applications far in advance as most private institutions do.

Proponents of the half-cost provision also cite a CEEB estimate that removal of the half-cost limitation, as proposed in HR 3471, would result in a gain of 21 percent in distribution of BEOG dollars for public two-year institutions, and a 5 percent decline for private institutions. This is a misinterpretation of a preliminary CEEB staff memorandum not intended for distribution. It estimated that two-year public colleges would receive an absolute (not a relative) gain of 21 percent over their funding level for the current program. Their relative gain (in share of total funds) was estimated at only 3 percent, which would still place two-year public colleges significantly below parity in terms of BEOG funds and recipients compared to their total share of enrollment (31 percent of total enrollments, 26 percent of BEOG funds, 28 percent of BEOG recipients). The CEEB analysis did not project a decrease in funds to students attending private colleges due to the lower maximum grant level of $1,050 in HR 3471 as compared to the $1,400 maximum in current legislation. The CEEB analytic model does not show any decrease in share for private institutions if grant levels are equal to, or greater than, current levels of funding.

Revised CEEB estimates now indicate that the current program funded at a maximum of $1,400 would show a distribution pattern of 21 percent for private institutions and 24 percent for public two-year institutions, while HR 3471 would distribute 20 percent to private institutions and 25 percent to two-year institutions, whether funded at a maximum $1,050 or $1,400. In either case private institutions would receive a significant actual increase in BEOG dollars and retain their approximate percentage of funds relative to share of total enrollment (22 percent), while two-year institutions would still receive a markedly lower share of BEOG dollars than their 31 percent of total enrollment.

It is also argued that removal of the half-cost limitation would curtail student choice of private institutions. There is no factual basis for this assertion, which is apparently based on the fear that, if students receive a grant which approximates the cost of a low-priced public institution, they will tend to go there rather than apply the grant toward the cost of a private institution. This argument seems to suggest that BEOG awards should actually be reduced for all students, because the greater the award the less likelihood the student will attend a private institution. Actually, the limited research in this area indicates that just the reverse is true: that increased grant awards stimulate increased enrollments and a shift from public institutions and large universities to smaller, private institutions (Leslie and Fife, "The College Grant Study: The Enrollment and Attendance Impacts of Student Grant and Scholarship Programs," December 1974 Journal of Higher Education).

Opposition to removal of the half-cost limitation also fails to meet the test of equity to students. It is argued, in effect, that maximum BEOG awards should not be awarded to low-income students if they attend public institutions. This position also seems to suggest that two-year public institutions should not receive a proportionate share of BEOG dollars.

Any consideration of the size of BEOG awards, moreover, should take account of current experience in the program. Some $135 million in awards are not being claimed this fiscal year, presumably because they are insufficient to provide significant help in meeting the costs of attendance. Thus, postsecondary education may be losing some 200,000 students who might have attended college this year given adequate grant awards.

Another argument against removal of the half-cost limitation is that students should not receive a completely "free ride" because this is contrary to the American tradition of self-help. This argument has a philosophical, not a factual, basis, and as such is debatable. (For example, no one suggests that it is immoral for wealthy parents to pay for their children's educational costs: what appears to cause concern is the possibility that the Federal government might theoretically pay the educational costs of a small percentage of needy students whose parents are unable to contribute anything, if they receive a maximum grant and attend a zero-tuition institution.)

It may be desirable to deal with this concern by requiring a self-help component in the determination of family contribution, so that no student could meet educational costs entirely from a Federal grant. Thus, the Consortium on Financing Higher Education is recommending that the maximum BEOG entitlement be related to average national noninstructional costs, less an amount which a typical student can earn through summer employment.

Mr. SAUNDERS. I would simply say further that I think there is a serious problem about what the impact of the removal of the half-cost provision might be, and for that reason I stressed in my testimony the importance of building the SEOG's program as a true choice program.

I think we very definitely went through a process of changing our own thinking when we looked at this. We started thinking of the basic grants program as the primary program, which it certainly is, but I guess we started with the assumption that SEOG's was more of a peripheral program, and we ended up with almost the opposite conclusion.

In order to have an appropriate balance of Federal programs which does provide educational opportunity encompassing both access and choice, we should clarify the purposes of the BEOG's program as being the access program, and clarify the purposes of the SEOG's program as being the choice program, then link the two together, as we propose in the appropriations so that it is not possible to slight the funding of SEOG's. Under those circumstances we think the result would be equitable for public and private institutions alike, and will provide choice as well as access.

Senator PELL. What would Mr. Holcomb's view be?

Mr. HOLCOMB. Well, confining myself to the basic grant program and how the elimination of the half-cost factor would work, I agree that it would tend to discourage students from attending private institutions or higher cost public institutions for that matter. There is in the public sector within a single State a difference as much as $1,000 in the actual cost of attendance at the institution. And there are, of course, differences between States, and regionally, and taking away the half-cost puts in a set amount that would not reflect what I think is the national policy up to now the premise of a sound student aid program, and be based on major need and the award reflect the difference in price, at least to some extent.

The proponents of the elimination of the half-cost, whether it is a Member of Congress who introduces the bill, or groups who have done studies on it, all indicate that the beneficiaries of the elimination of the half-cost would be the low-priced institutions and the students attending them.

I think there is another fact that does not get talked about too much, and it has some bearing on this. That is the fact that in the process you tend to not only eliminate the middle class American altogether, but may develop some hostility on this point. I think the basic grant of a half, or some percentage of the total cost of attendance, that is reasonable. But if the top is taken off, or a half is taken off and this goes out to $1,600 of $1,800 or some such amount, which in effect covers the basic expenses at certain kinds of institutions, or certain students, and all others, whether $100 of annual income or above are at zero, these are the people, by and large, who are paying for the program. I am in no way suggesting that any dollars be removed from needy students, disadvantaged students. I have worked too many years recruiting in that area of the admissions office to suggest that.

But we talk about the BOG program in our testimony as having ingenious in it, and it is the half-cost factor which does recognize choice, which looks at States and looks at institutional resources and everything else that is available, and you blend it together, and this does provide choice as well as the access assured in the basic grants concept.

I mentioned it and wear out some of my good friends at the table because we have discussed this often, the GI bill, where there is a set amount, and that was changed from when I was enrolled under it, where there was a tuition differential, the 55 percent of the students are in 2-year colleges, and 51 percent are in public 2-year colleges, and 13.9 percent are in private institutions. 13 percent are undergraduates, and I do not think that the private colleges will ever get back to where they have 50–50 participation in the number of students enrolled, but I think with a program that reflects at least the cost of the average private institution, it would be more competitive and the enrollment percentage that is typical overall in student enrollments.

Senator PELL. Thank you.

Mr. Aldrich?

Mr. ALDRICH. Might I comment, please, on this Senator?

Senator PELL. Certainly.

Mr. ALDRICH. By the way, I appreciate the projections that have been made of the impact of the removal of the half-cost allowance. My experience in dealing with an institution is that as accessibility is increased, there is also immediate appreciation of the quality of institutions that are available to individuals for the first time, and that our experience in California, at least in the university, has been that when students have been provided the resources to make a choice, they go where they understand the quality of the educational offering to be, which has not been necessarily choosing to go to the low-tuition institutions. The choice has been very often to higher tuition institutions because they believe that is where the quality instruction is provided.

Mr. TIRRELL. Mr. Chairman, our association has about 200 private members in the Community and Junior College Association, and on our commission that developed this position paper, private junior colleges were represented. Some of those, as Mr. Holcomb has indicated, with $2,000 or $3,000 tuition rates, and the Commission adopted this statement at the meeting after considerable discussion with the one-half cost removed, and the other statements of tilting SOG's a bit to possibly favor choice of private colleges.

Our board of directors also has private colleges and this whole document, the one section that took the longest was this, but after thinking it through and discussing it through, they supported the removal of the one-half cost. I do not want to debate with my colleague, Mr. Holcomb, I respect him very much, and I really in looking at the BOG's figures to date, do not feel that the low income minority students have really had an opportunity to take advantage of BOG's as you and others had conceived it, and part of it has been, we believe, because of the half-cost limitation.

Senator PELL. Thank you very much, gentlemen.

As I was saying earlier, I am very grateful for Senator Hathaway having opened the hearings. I am going to explain to you and any subsequent witnesses that we in Congress now have a very difficult time of scheduling hearings because we have the New Hampshire election and a variety of programs which preclude meetings at certain hours of the day. That is why we have to squeeze you in as we do now, in the lunch hour. So I apologize for the delay and the peculiar hour.

Senator Hathaway?

Senator HATHAWAY. Thank you very much, Senator Pell. It is a pleasure to participate in these hearings with you.

Just following up on the question that you asked, I don't think I heard an answer from anyone as to why they do not think the—students are availing themselves of basic opportunity grants and low-tuition schools.

Mr. TIRRELL. Well, as I tried to indicate at the end of my comments, sir.

Senator HATHAWAY. You indicated that they did not make themselves available because of the one-half requirement, and if we take the one-half requirement away, then they may avail themselves. But they are then going to go to the lower cost institutions, which are usually not as good as the higher cost institutions?

Mr. TIRRELL. I was associating myself with Mr. Aldrich's remarks, but there is a wide range of decision points, tuition being only one. Many young people, and even families that do not have a history of attending postsecondary institutions are concerned with quality and the opportunity, not tuition alone.

I believe we could supply some studies and data that would show that as well. I do not doubt that additional students might choose to go to lower cost institutions, but it is the kind of students to a large extent that are going no place now, and not taking advantage of BOG's. As I understood this committee in particular along with the House, we are trying to draw additional students from low income and minority backgrounds into postsecondary education. So I would not deny that, but on the other hand I do not think it is going to be the major factor, only one of a number of factors in the decision.

Senator HATHAWAY. I wish you would supply that data to the committee. I would appreciate seeing it, because it has been at least my own understanding that the poorer students are very reluctant to borrow money for their education. You know, if the half proposal does get them into that field they can get all the grant money, they will probably take the lower cost schools, because they do not want to get into a loan program.

Mr. TIRRELL. Could I make just a further footnote on that?

Senator HATHAWAY. Yes, sir.

Mr. TIRRELL. We have 100 colleges in California with over a million students and no tuition. As Governor Brown has put a 5 percent cap on growth, one of the things they are considering is to put in tuition, because 50 percent of it, at least would come, you know, from some of these programs, and I think that we have just seen tuition go in for the first time in Chicago city colleges and our New York City community colleges do not have tuition now, and I think this is one of the things that we are concerned about trying to maintain these opportunities.

Senator HATHAWAY. What are some of the other factors involved in underutilization of this BOG's program?

Mr. TIRRELL. The complicated form, the fear, the unpredictability of funds. Many of these people see on there $10,000 fine for any statement in error, or false statement, and these are the kind of people who just are not familiar with those kinds of things, and so the Keppel task force on simplifying the form and making one form available for five or six programs, and so forth. I think it is going to do this considerably, and as Chancellor Aldrich has said, the better training of student financial aid officers will help in this regard.

Senator HATHAWAY. Do you think the program is publicized enough so that those who could avail themselves of it know about it?

Mr. TIRRELL. I hate to criticize innovation, but the first time around it was largely publicized in the post offices, and I think the later training of high school counselors or deans of colleges, in the training of post secondary counselors and so forth, the regular delivery system seems to have brought better information than the innovation that was tried. It did not seem to work through the post office system.

Senator HATHAWAY. Do you think that the institutions need more administrative costs money to take care of the cost of publicizing?

Mr. TIRRELL. Yes, sir. Pardon me, not publicizing, but to work with students. It is not a matter of putting an ad in the newspaper, but just sitting down with them and explaining to them, this is not all that complicated, and you won't be sent to jail if by chance you make an honest error on the form, and so on.

Senator HATHAWAY. Could the program be better administered if we did it all through regional offices and took it away from the institutions? If a person who wanted to go to school, say in New England, could apply to the Boston office and they could process it; and depending on which school he went to, where we dropped the one half requirement, would they give him the money right away after they had processed it?

Mr. TIRRELL. You may have picked up in my comments we are not very enthused about the regional offices, and their handling of the money and so forth.

Senator HATHAWAY. I am saying the regional offices as established right now, an office in a region of the country just to process these grants and loans.

Mr. TIRRELL. I think we are going to move to the States.

Senator HATHAWAY. Well, in small States it might not be practical to establish an office for that purpose.

Mr. TIRRELL. Well, possibly.

Senator HATHAWAY. As well as for States without many institutions for higher education.

Mr. Tirrell. Possibly in some States the 1202 commissions. There are in most States some constituted group to pull together the post secondary area and have the student financial as a part of it. I have not thought that through well, but I can say quite thoughtfully the regional offices would not be the place for this function.

Senator Hathaway. Mr. Chairman, those are all the questions I have on that particular subject. I have some on other matters.

Senator Pell. Thank you.

On the question of administrative costs, I notice that some of you recommend adding a $50 per student payment for student aid and a $10 payment for the guaranteed student loan, thus adding up to a cost of $60 per student for the student aid.

When you take a large institution with 20,000 students, you are talking about a $1,200,000 student financial aid office which seems to be a rather generous estimate. Where do those figures come from, and what limit do you propose, if any, on these expenses?

Mr. Saunders. We proposed a $250,000 limit on the amount any single institution could get, Senator, in our specific proposals.

Senator Pell. In the smaller institutions isn't that $50 and $10 a rather large amount?

Mr. Saunders. No, not in terms of the cost data we have developed on those programs. As cited in my testimony, the costs reported by individual institutions range up closer to $100.

Senator Pell. Maybe they were not very efficiently run institutions?

Mr. Saunders. Well, we have a——

Senator Pell. Or maybe there are three or four cases. I do not see how you could have costs for a single student amounting to $100.

Mr. Saunders. The ACE study of student aid administration in five representative types of institutions finds that administrative costs of all Federal programs or student aid programs range from $27 to $46 within the student aid office alone, and not including counseling and other services performed outside that office. The Council for the Advancement of Small Colleges did an analysis of 47 small institutions and showed an average direct cost of $42 per aided student and a range going up to $112 a student.

Senator Pell. What percentage of that cost do you think should be picked up by the Federal Government?

Mr. Saunders. Well, we used these ranges to justify our request for a $50 allowance, and we feel that that would more appropriately meet the costs that are now being incurred. The figure is $50 per federally aided student.

[The information supplied for the record follows:]

THE UNIVERSITY OF ARIZONA
TUCSON, ARIZONA 85721

VICE PRESIDENT
STUDENT RELATIONS

TELEPHONE (602) 884-1772

July 2, 1975

Mr. Jerold Roschwalb
Director, Governmental Relations
National Association of State
Universities and Land-Grant Colleges
Suite 710, One DuPont Circle, N.W.
Washington, D. C. 20036

Dear Mr. Roschwalb:

In a letter to Dr. John Worthen of May 6, 1975 you mentioned that you hoped to get some data on the actual cost to institutions in their administration of Federal Financial Aid Programs.

I am attaching a summary of our direct costs in this area based on a very detailed analysis of each individual's effort in our financial aid office during the past fiscal year. Please bear in mind these are only direct costs in that office and do not include significant additional costs in such offices as Admissions, Registrar, and Business Affairs. Also not included, of course, are the indirect costs of utilities, custodial, overhead, etc.

For your information, the total direct cost of our financial aid office for last year was $334,180. You will note that the Federal Aid Program administration's direct cost was almost exactly one-half the total. We provided some sort of assistance to 9,800 individuals with a total of $7,869,747 (not including Veteran's benefits).

We now have considerable detail on this matter and I will be glad to expand on any part of it if you wish. Do not hesitate to ask.

Sincerely yours,

R.M. Edwards
R. M. Edwards

RME:ajs
Att.

cc: Dr. George F. Hamm
Dr. Wilbur L. Layton
Dr. Jack Clevenger
Dr. James Dean
Dr. Eldon Nonnamaker
Dr. Chester Peters
Dr. John Shay
Dr. John E. Worthen

UNIVERSITY OF ARIZONA
Tucson, Arizona

FEDERAL STUDENT ASSISTANCE 1974-75

	No. of Students	Dollar Value	Cost of Administration
National Direct Student Loans	1,255	$ 937,178 *	$ 55,327
Supplemental Educational Opportunity Grants	238	154,386 *	19,275
College Work Study Program	418	268,654 *	31,256
Basic Educational Opportunity Grants	605	360,910	9,025
Law Enforcement Program	368	124,939	6,759
Nursing Student Loans & Grants	163	141,962	9,374
Health Professions Pharmacy Loans & Grants	84	91,700	6,592
Health Professions Medical Loans & Grants	104	106,650	5,748
Federal Guaranteed Student Loans	2,100	2,520,000 (est.)	23,833
Total	5,335	$4,706,379	$167,189

* Presently involves partial reimbursement of administrative costs by Federal Government at 3% of dollar value.

(Total reimbursement 1974-75 of $40,807)

JUL 28 1975

KSU KANSAS STATE UNIVERSITY
Aids, Awards and Veterans Service
Fairchild Hall
Manhattan, Kansas 66506

July 2, 1975

Vice President Chester E. Peters
Vice President for Student Affairs
Anderson Hall
Campus

Dear Chet:

You asked for a response on the letters you sent over from Worthen, et al.

I think the most astute observation is the second paragraph and something that financial aid administrators across the country have been saying for several years. Hey, look, we have a tremendous impact on the campus and on students' decision to enroll at our individual institutions, please give us sufficient help, resources, support and some recognition. Our decisions must in "in line" with overall university policies and objectives but we need to have input into those areas as well. I think we have better communications at K-State than at many institutions but feel there is room for improvement, especially in the area of allocation of resources to get the job done.

His point of pressing a point with O.E. to utilize campus personnel, those who work with the students on a day to day basis, in establishing guidelines is most important. It seems at times they have no concept of how some guidelines they write will affect the operations of our offices.

The last point is the one about providing "hard data" on the cost of operations of a financial aid office. I don't think one can make an appropriate cost analysis with any degree of validity. You can take any single program and "establish" a cost but that can be done with virtually no way of verifying the "established cost". What I am saying is that it costs so much to operate our office and I see no way of isolating the costs incurred as a result of federal dollars coming to the campus. I think it might be appropriate to utilize the 5% figure they are tossing around and say that would meet a certain percent of the cost of our financial aid operations while federal dollars provide 70% of the total dollars of aid our students receive.

One caution, however, is that if we receive 5% of appropriated funds, including only NDSL, SEOG and W/S we would be receiving less dollars than we do now at 3% of these programs, but including total NDSLs made, not just new money. If VCIP, BEOG, HPL, LEEP and FISL are included, then we would be making some real progress. Also, if all NDSLs made were reimbursed at 5%, we would go from $35,000 plus (over new money only) to $75,000 plus, just on NDSL, SEOG and W/S. If we talk in terms of 5% of all federal programs, then we might be talking in terms of $175,000 - $200,000 per year depending on what was included.

Our share of federal reimbursement accounts for only 21% of our operating budget. We received a total of $47,446 for 1973-74 from federal reimbursement which would amount to 48% of our total budget if our office received all federal reimbursement but that would assume our office provided all services. This would give something for comparison.

I would be happy to discuss this futher.

Sincerely,

Jerry

GERALD R. BERGEN
Director

or

University of Idaho
Office of the President
Moscow, Idaho 83843
Phone (208) 885 6365

14 July 1975

Mr. Jerry Roschwalb
National Association of State Universities
and Land Grant Colleges
Suite 710, One Dupont Circle
Washington, D. C. 20036

Dear Mr. Roschwalb:

In response to your recent appeal for hard data about the cost of operating federal student assistance programs on campus, I would offer data from the University of Idaho.

Attached is a memorandum recently provided me by the director of our student financial aids office. I would ask that you review it in its entirety. The punch line to all of it is that, as best we can calculate, it costs us six and one-half percent of the total federal fund dollars received for student aids to administer and place those dollars in the hands of the students for whom they are intended. We have felt for some time that the three percent administrative allowance on NDSL, CWS and SEOG programs was insufficient. This weakness was compounded severely when the BEOG and FGSL programs provided nothing for administrative assistance to the campuses. While the idea of a five percent administrative override strikes us as a distinct improvement in the present situation, we do have the data at hand to demonstrate that it costs us one and one-half percent more than that.

I cannot underscore too strongly the financial dilemma we find ourselves in as we administer federal student aid programs. We must participate in the programs if our students are to receive equitable support. Our administrative costs rise as we accept these new responsibilities. (The fiction that BEOG and FGSL do not "cost" us administratively is just that!) The prospect of receiving increased state dollars to administer such programs is dim. We run an efficient, cost-conscious office and the growing amount of unreimbursed cost for administering worthy federal aid programs increasingly finds us "between a rock and a hard place."

The University of Idaho is an Equal Opportunity/Affirmative Action Employer

Thank you for the opportunity to present this information. I hope that it will prove useful in the case you are trying to prepare.

Sincerely yours,

THOMAS E. RICHARDSON
Vice-president, Student
and Administrative Services

Attachment

cc: Dr. John Worthen, Vice-president for Student Affairs
University of Delaware
Dr. J. C. Clevenger, Vice-president for Student Affairs
Washington State University
Dr. David Taylor, Vice-president for Student Affairs
Boise State University
Mr. Jay Jensen, Dean of Students
Idaho State University
Dr. James Todd, Director for Fiscal Planning
Office of State Board of Education, Boise, Idaho

TER:i

Dr. Tom Richardson, Vice-President for
Student & Administrative Services
om Harry E. Davey, Director HED
Student Financial Aids
Subject Federal Administrative Allowance in
Connection with Student Financial Aids

UNIVERSITY of IDAHO
Inter-Office Memorandum

Date July 7, 1975

In response to your request of June 24, 1975, the following data are furnished in connection with the cost of administrating federal programs of student financial aid:

1974-1975

Salaries in Financial Aids Office:	$46,921
Support Funds in Financial Aids Office:	$ 9,200
Salaries in Controller's Office:	$30,703
Support Funds in Controller's Office:	$ 5,834
TOTAL COST	$92,658

This cost was entirely devoted to the administration of $1,417,113 in federal funds actually awarded to needy students. Cost per dollar administered is therefore 6.54 cents.

This would seem to be an excellent benchmark on which a case could be made for federal administrative compensation.

At the present time, our 3% administrative allowance covers only: National Direct Student Loans, College Work-Study, and Supplemental Educational Opportunity Grants. The Basic Educational Opportunity Grant and Federal Guaranteed Student Loan programs are not presumed to create administrative costs. This is, of course, absurd. An observation on this inequity is appropriate:

> When the Federal Guaranteed Student Loan legislation was approved, both the House and Senate versions contained an administrative allowance of 3%. When the conference committee was ironing out other differences in the two versions, it agreed on the 3% allowance. Somehow the technicians who actually prepared the final draft omitted the 3% provision and the bill passed and was signed without it. A technical amendment was prepared to correct the oversight and when hearings were held, the Office of Education witnesses objected to it, saying that the Federal Guaranteed Student Loan program was in the "normal course of business" for financial aid departments and no compensation was needed. This view was accepted.
>
> Similar OE testimony was given in connection with the BEOG legislation.

Recommendation:

Federal administrative compensation should be paid at the rate of 6.5% of the total awards to students in the following programs:

BEOG
SEOG
NDSL
CWS
FGSL (amounts approved by the institution)

Awards could well be made on the basis of total business done in the previous fiscal year.

HED:jk

Senator PELL. On another subject, some of you spoke about the Education Professions Development Act, and have given some pretty good reasons for its continuation. At the same time we have teachers graduating that cannot find jobs now. Why should we continue producing teachers who cannot find work? Wouldn't it be a good idea to have a moratorium for a couple of years until the supply of teachers again equals, and does not exceed the demand for their labor?

Mr. SAUNDERS. Well, my testimony did acknowledge that situation and for that very reason I talked about the importance of shifting that program to improving the quality of existing teaching, the upgrading and requalifying of existing teaching staffs to meet the needs of new student populations, such as homemakers and blue-collar workers now beginning to come into the higher educational system. It spoke of the need to provide increased opportunities for the training of student aid administrators. We are not proposing that the program be maintained to develop new teachers, except in special shortage areas where there are still needs, but we would like to see a shift in emphasis to the training of management and administrative personnel and the upgrading of existing teachers within the system.

Senator PELL. Thank you.

Mr. TIRRELL. Bilingual and cultural upgrading. This is very important, particularly in the Southwest.

Senator PELL. I was struck with Mr. Saunders' thought about reorganizing the education division, so that the function of the principal education officer would rest with one man and not be divided, or vested in one man, yet with particular program responsibility to another man. This idea certainly goes along with my own thought that eventually we ought to divide the Department of HEW into one Department of Health and Social Security, and Welfare, and another Department of Education and Culture. I wonder if the rest of you agree with this idea?

[Witnesses nodding heads.]

Senator PELL. I assume from the heads being nodded that the record should show general agreement in that regard.

Now, I'm interested in the idea of adopting a uniform application form for student aid programs. This was discused at a hearing a few weeks ago. As of now, the American College Testing Service and the College Scholarship Service, each have their own forms, and there could be a third form. Some of these unfortunate students might have to fill them all out. Do you have any thoughts as to how we could simplify this form business?

Mr. SAUNDERS. Well, our understanding, Mr. Chairman, is that the services have reached agreement on the common form and that we are at the point where within a few months the services can adopt a single form, which would vastly simplify the whole administration of BOG's, and we, in our proposal, ask that this be required for both the basic grant and the SOG program.

Senator PELL. I understand there are still some substantial differences between them.

Mr. SAUNDERS. I am not aware of any such differences between the services. I think they have been pretty well ironed out.

Mr. TIRRELL. On the needs analysis, I have sat in on the meetings, and there is an agreement there, Senator, in both forms, which is a major step forward.

Mr. SAUNDERS. I would like to ask Jack Hughes to respond to that.

Mr. HUGHES. Yes, sir; just supplementing what Mr. Saunders said, I think the private associations have come to agreement on both the needs analysis and on the common form, and there are still some differences. I believe they have not been formally overcome in terms of getting the HEW basic grants programs to go along with these changes. It is our hope that the committee through its legislative process could stimulate that coordination.

Mr. SAUNDERS. By mandating it.

Senator PELL. But then will the old forms still be used or will they stop using them?

Mr. SAUNDERS. There would be a modification of the old forms in a way which was acceptable to the private services.

Senator PELL. In other words, they would be using new forms, plus the modified old forms. Is that it or would there be just one form?

Mr. HUGHES. The task force has recommended a common form to be used by the private systems, and that private form, as we see it, could also be used for the basic grants program. So there could be one form for the three services.

Senator PELL. Then we would throw out all other forms?

Mr. HUGHES. Yes, sir.

Senator PELL. What, if any, thought has been given to the institutions cost accounting practices? Have any similar forms for the cost accounting procedures, say, in Chicago been made to compare them with those in Houston, or in Los Angeles? This is somewhat off the subject, but I know it has bothered me sometimes in trying to figure out the relative costs of education for *x* number of students in one institution as compared with the same number in another university.

Has any thought been given to this?

Mr. HUGHES. I doubt that the common form will contribute much to that point, Mr. Chairman.

Senator PELL. I was just asking with regard to the cost of education, because as you know, this thought was brought into the bill in 1972, and I was wondering if there has been any movement along this line, of developing a common form for cost accounting for colleges.

Mr. HUGHES. We have been working with the Office of Education in terms of their improvement of the national Federal data collection system through the higher education general information system. I think that refinement of that system will aid measurably in terms of giving the kind of cost information that the committee is seeking.

We share your concern, and I think one of the problems Senator, is to make the Federal reporting more responsive, more current, and to get the information out of the reports and the computers through online systems, instead of waiting 2 or 3 years for public agency reports, and there is progress in that area.

Senator **Pell**. Eventually this procedure will come into effect. Senator Schweiker had proposed a cost accounting amendment which was dropped in conference in 1972, and it certainly is the intention of the Senate, I would think, at some point to persist, and we hope the House would agree.

At any rate, returning to the subject at hand, I wound up my questions and we will submit some more in writing. Senator Hathaway, do you have any questions?

Senator **Hathaway**. Yes, thank you very much, Mr. Chairman.

Mr. Saunders, you said at the outset that you were going to confine your testimony to recommendations for improving the present assistance that is granted by the act.

It seems to me that one of the reasons that Congress has not responded in dollars as well as we would like to have it respond, is because of the the very programs that we have. I certainly appreciate, although I know you may not be able to give these off the top of your head, the consideration of innovative programs that might excite the Members of Congress more and prompt them to give more money, keeping in mind that this is probably going to be a five-year program; 4 years plus an automatic 1-year extension.

Mr. **Saunders**. Our basic approach to the problem, as I cited at the outset, was to assume that what the authorities passed in 1972 still have not been fully implemented, and when you still do not have a full cohort of students under BOG's, for example, it was premature to talk about radical restructuring of the existing system. For that reason we spent 6 to 8 months working to improve these programs. We simply could not accept some very interesting proposals to reform the student assistance programs, because they involved too much radical restructuring and we thought the thing to do was build on, amend and improve what you have here.

And we think one of the most important steps that can be taken is to clarify the purposes of BOG's as access, and SEOG's as choice. If you do that, then you build into the present mechanism the potential for a vastly improved system. And it should be allowed time to operate.

Senator **Hathaway**. But maybe we should get some new ones in addition to these on the books now even though they are not going to be funded.

Mr. **Saunders**. Well, for example, down the road there is an obvious question to be asked about the relationship between the SEOG program and the State student incentive grants, but our feeling was that as of today the State student incentive program is too small to make a judgment as to what its future role exactly should be. We see that as a question to be faced next time around, after steps are taken to improve and strengthen SEOG's and to encourage States to increase their responsibilities to provide student assistance.

And after you have a little more put in place a few years down the road you can take a look at the need for putting those two together, or putting them all together in the same program. It would certainly be possible to conceive of everything being built into BOG's. You would have a rather complex central program, but that is a future possibility.

But we just felt that we did not have enough experience with the current programs to make those kinds of radical revisions or propose those radical revisions at this point.

Mr. HUGHES. I think the point about the State scholarship incentive program, however, emphasizes your innovative concern and the fact that that program has stimulated about 23 States to enact scholarship programs is indicative of the kind of events that can occur through Federal stimulation.

We think that is a very positive response to the act, and we think that the authorizations now ought to be stepped up so the States can indeed go forward with their programs.

Mr. KIDD. Senator Hathaway, can I add a remark on that?

Senator HATHAWAY. Certainly.

Mr. KIDD. These are really tremendous social programs involving very large expenditures, which thankly are going up, and I think one of the recent tendencies in this country has been to overlegislate. Here we have these things in place with 3 years experience, as Mr. Saunders said, and we do not even have a full cohort yet, and it seems to me that the most productive thing to do is to let these things season, and strengthen them, the structure of the relationship among the parts and see how that system operates, and we really do not know yet, and then on the basis of experience after we have perfected the system, then see what sort of large scale revisions we ought to make.

Senator HATHAWAY. Well, we have had a grants program since 1966, have we not?

Mr. KIDD. Yes; but the existing structure of student aid has really been a rapid evolution, and we clearly have not yet coped with all the administrative problems of operating the existing programs.

Senator HATHAWAY. You mentioned, Mr. Saunders, that we are having serious abuses in regards to the loan programs. Could you document that, or give me some instances of what you are talking about?

Mr. SAUNDERS. Well, we endorse the recommendations of the Office of Education for due diligence requirements, and aside from that, Jack, do you have anything?

Mr. HUGHES. I think Commissioner Bell in his testimony before this committee and before the House committee has made it clear that there are problems of abuses in terms of defaults of loans and there are problems with certain categories of institutions in terms of the default rate of their students.

It seems to me that the recommendations of the Office of Education in terms of administrative remedies to reduce defaults and to increase diligence are very much in line.

Senator PELL. I think the record is somewhere between 18 and 24 percent, depending on whose figures you use.

Mr. SAUNDERS. One of the fundamental reasons, again, for some of the defaults has been the increasing emphasis on loan programs, because there were not sufficient grant funds to go around. Loan programs have developed in a way which was pretty generally unforeseen: there has been much greater emphasis placed on loans in recent years, so that low income students have had to borrow to an increasing extent, which was not intended in the original structuring of the programs.

And that is one reason why we propose that the emphasis be shifted back to grants. As that emphasis is shifted, we feel this will relieve a lot of pressure on the loan programs, and a lot of the cost of those programs, and you will be able to take a lot of the cost off the budget and apply those to grant programs. We think that is a better expenditure of the money than continuing to spend hundreds of thousands of dollars on loan subsidies.

Senator HATHAWAY. One of the purposes of the loan program is that after they get through school they would get jobs that would be good enough to allow them to pay them back.

Mr. SAUNDERS. We also asked for expansion of work-study. Well, what has happened over the years is as more students have become eligible for the grant programs, and while the total dollars in the Federal budget for grants have gone up, the average amount of grants has been decreasing steadily, so that individual students have had to rely increasingly on loans to make up the difference.

Senator HATHAWAY. Getting around to work-study, you mentioned you would advocate that they be paid the minimum wage. You mean that is the minimum, and you do not mean that is the maximum?

Mr. SAUNDERS. No, we would require at least the minimum wage.

Senator HATHAWAY. And would you include private employers?

Mr. SAUNDERS. No.

Senator HATHAWAY. Why not?

Mr. TIRRELL. Particularly in this climate, sir, I think the competition with heads of households and so forth, we have had considerable discussion, and it does not seem to be an appropriate moment to move out to profitmaking organizations, is that what you meant?

Senator HATHAWAY. Yes.

Mr. TIRRELL. To move out to a wider range and nonprofit, and at least the minimum wage, but not to compete with possibly heads of households, or others that are supporting families in profitmaking organizations.

And it is not a concept that we are into, at least in our association. But in the last 6 months it just seems very inappropriate to try it.

Senator HATHAWAY. You would like to see it, but you don't think it is politically possible?

Mr. TIRRELL. That is a fair statement, I think. Of course, if we did it, in our discussions, you change the mix and we would not have profitmaking organizations getting 80-percent support.

Senator HATHAWAY. Well, you could modify that.

Mr. TIRRELL. And I want to send to you for your information a special conference we had on that, and it has been considered, but at the moment it is not appropriate.

Senator HATHAWAY. I forget which one of you said it, Mr. Saunders, I guess you mentioned this in your testimony; that there are certain costs generated by the Federal regulatory process such as title IX regulations and whatnot. Can you give us a list of those, and you do not necessarily have to give it to us now, but just for the record?

Mr. SAUNDERS. The Policy Analysis Service of ACE is conducting a study of 12—the impact of 12 Federal programs on higher education, and I would like to ask Jack Hughes to tell you a little about that.

Mr. HUGHES. Yes, sir.

We are looking at the impact of 12 Federal programs which have mandated additional costs on institutions. We have two public institutions, and four private institutions participating with us in a very intensive study on the impact of these costs, and we would be glad to make it available to the committee for its record. A tentative report on that study indicates that these costs are indeed having very substantial effects on the administrative costs in the institutions.

Senator HATHAWAY. Mr. Aldrich, do you want to comment?

Mr. ALDRICH. Senator Hathaway, I commented about the impact of affirmative action, title IX, OSHA on the costs of administering these programs in our institutions. We have developed information on them, and would be glad to make it available to ACE in their——

Senator HATHAWAY. You are suggesting this in your proposals. You are asking us to subsidize this cost in part or in whole?

Mr. ALDRICH. Well, the thrust of my remarks was that I was not sure how we could get assistance in defraying the cost of some of these, but did believe that the oversight functions of your committee could be helpful as we reviewed legislation that has this kind of impact, and make sure that we are not forced into horrendous amounts of information gathering and dissemination in connection with it.

Senator HATHAWAY. You are not asking that OSHA should not apply, or anything?

Mr. ALDRICH. We are not asking for that.

Mr. KIDD. Senator Hathaway, could I make a remark on that point?

Senator HATHAWAY. Yes.

Mr. KIDD. The Federal revenues are shifting quite substantially from an income tax base to a payroll tax base, and as that happens, institutions are no longer tax exempt, because they pay the payroll taxes. Furthermore, they have no opportunity of pass through. It is much more limited in the case with business and it takes a longer time to bring it about, so it is partly the tax structure that increasingly is generating—just the structure of the Federal tax system that is imposing increasing burdens on what are generally regarded as tax-exempt institutions.

Mr. SAUNDERS. This is one of the examples of the findings which are falling out of the Policy Analysis Service study. We are finding that a lot of Federal programs have impacts years later that no one ever conceived and no one ever intended. The social security case is one of the examples. The study is finding that the gradual shift of Federal tax policy from income to employment over the last 15 years has had the result of significantly depreciating the imputed tax advantages that colleges and universities have received historically from their nonprofit status.

What has happened specifically is that over the last 15 years Federal budget receipts derived from taxes on employment have doubled from 15 to 30 percent, while corporate income taxes have declined from 23 to 15 percent of Federal receipts. So this, as I say, has resulted in an erosion of what the Federal tax exemption is doing for institutions. They are just one of a series of all sorts of hidden costs that we are just beginning to identify.

Senator HATHAWAY. I do not understand why you are just beginning to identify them. The social security costs have been there all along, and are something the university is paying. Is that what you were talking about?

Mr. **Saunders**. Yes.

Senator **Hathaway**. And you pass that on in higher tuition.

Mr. **Kidd**. They are stepping up very rapidly.

Senator **Hathaway**. I do not understand why you say they are hidden. They are pretty obvious.

Mr. **Saunder**. Well, their total effect in terms of the total burden on institutions in meeting federally mandated programs is something that is just beginning to surface as being a significant part of the institution's total financial problems.

Mr. **Hughes**. One of the things we analyzed in our study, Senator, is the impact of these costs, and it does have an effect on tuition. While institutions do not have a perfect passthrough mechanism, one of the things that they can do obviously is to increase student tuition. The study that we have made does make a correlation between the fact of tuition increases over a period of time and the relative effect of these mandated costs on institutions.

Mr. **Aldrich**. I would like to note, Senator Hathaway, that the institutions which I represent, primarily public universities and colleges, do not have tuition in many instances, and what little they have it is not possible for us to pass on the costs of these programs by increasing the tuition. Our resources come from the States, and the States are not providing resources that take care of OSHA, affirmative action, title IX, and the like. We buy this out of program and as a consequence educational quality is going downhill.

Senator **Hathaway**. The administration has recommended a discontinuance of the continuing education program, and I presume that you people are not in favor of that recommendation.

Mr. **Aldrich**. Yes.

Senator **Hathaway**. Do you have any suggestions beyond just a simple continuance of how we could beef it up and highlight it a little bit more, or have you given any thought to that?

Mr. **Saunders**. Well, Senator, you are referring to title I, and in my testimony I do recommend that the program be given a more specific focus on the needs of the adult population for continuing education, particularly through the development and expansion of urban expansion programs. Though we are proposing that this program be tailored more directly to the needs of older citizens, people seeking part time occupational changes, and those entering the job market late in life, and this is the kind of need we think the program could be directed to more specifically than it is now.

And I think one of the problems of the program is it has been used as sort of a grab bag and is funding all sorts of miscellaneous kinds of projects, and that is why we're proposing that it be given more focus along these lines.

Mr. **Aldrich**. I commented, Senator Hathaway, to the same effect, and specifically indicated that submitted with the material we provided two papers on this subject, which on the one hand identified the fact that we have the mechanism for dealing with this matter in the cities, towns, and regions; and further, that Congress should provide the resources in order to carry out what presently is possible through the existing machinery.

Mr. TIRRELL. That gives me an opportunity, Senator, to enter in the record again that 13 States did not get funds under title I for community services by the very name of our institutions. Many, many States are doing outstanding projects in the area, so we suggest that you help those States decide by putting a 30-percent set aside.

Senator HATHAWAY. Thank you.

Mr. Chairman, thank you very much.

Senator PELL. Thank you very much indeed for being with us. This concludes this hearing. The subcommittee will recess, subject to call of the Chair.

[Whereupon, at 2:05 p.m., the subcommittee was recessed, subject to the call of the Chair.]

HIGHER EDUCATION LEGISLATION, 1975

Student Assistance

WEDNESDAY, JULY 16, 1975

U.S. SENATE,
SUBCOMMITTEE ON EDUCATION OF THE
COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10:15 a.m., in room 4232, Dirksen Senate Office Building, Senator Claiborne Pell (subcommittee chairman) presiding.

Present: Senator Pell.

Senator PELL. The Subcommittee on Education will come to order.

Today we continue our discussion of the Education Amendments of 1972, their strong and their weak points.

I regret that today's hearings will be a little short. We are under certain time pressure and the witnesses have been briefed on this. I apologize to them.

I would appreciate it if the witnesses would summarize their statements to the best of their ability. We will have to call each witness for a shorter period of time than I would have liked.

The first witness is Prof. Henry T. Yost and Alfred D. Sumberg from the American Association of University Professors.

STATEMENT OF PROF. HENRY T. YOST, CHAIRMAN, COMMITTEE ON GOVERNMENTAL RELATIONS, AMERICAN ASSOCIATION OF UNIVERSITY PROFESSORS, ACCOMPANIED BY DR. ALFRED D. SUMBERG, DIRECTOR, GOVERNMENTAL RELATIONS

Mr. YOST. Mr. Chairman and members of the subcommittee, I am Henry T. Yost, professor of biology at Amherst College. I am here today in my capacity as chairman of the Committee on Governmental Relations of the American Association of University Professors, AAUP.

AAUP is the largest and oldest association of college and university teachers. We have concerned ourselves with the relationships between Government and higher education since the association's establishment in 1915.

Senator PELL. Your complete statement will be inserted in the record at the conclusion of your testimony.

Mr. YOST. In the rather long preamble, the first and major point we make is that education in general in the United States is in trouble. The financial pressures on us are great, and we feel that there has been a decline in the priority of higher education programs in Federal funding.

We hope for a reversal of that. An increased priority we think is absolutely necessary if we are to have a strong educational program in the United States.

One of the major portions of the higher education amendments is obviously the student assistance program. We are particularly concerned with the basic educational opportunity grants. In our view, the promise made to those students has not been fulfilled, and we hope that in the new legislation the promise will be fulfilled and a true entitlement will be included.

We recommend a true entitlement of $1,600, elimination of the one-half cost of education limitation, removal of family assets from any needs test, utilization of adjusted gross income as the determinant of need, and a mandated program of public information about the basic educational opportunity grants. We recommend that funding be based on a minimum 75-percent participation rate.

We do not believe supplemental education opportunity grants should be eliminated until there is full funding of the State student incentive grants, college work-study, and a true entitlement for BEOG's. We recommend that SEOG's be awarded directly to students. Recommended authorization level should be $200 million each fiscal year.

College work-study is one of the most effective of the student assistance programs. It has significance well beyond its stated purposes since it is an extension of both education policy and manpower policy.

We believe that the program should become more flexible by making work-study employment eligible for academic credit and by eliminating need as the basis for student participation. Recommended authorization level should be $600 million for fiscal year 1977 with a $60 million increment each year thereafter through fiscal year 1980.

The two student loan programs, guaranteed student loans and national direct student loans, pose an enigma for the academic community.

Our preference is to minimize loans to students although we realize that, in some instances, loans serve as the only means by which students may gain access to higher education.

We prefer that the loan program operate primarily through the States with the Federal Government retaining a small emergency loan program which would permit participation loans available through the federally chartered banks, savings and loan associations, credit unions, and other commercial lending institutions for those persons who reside in areas where there may be inadequate loan funds or in those cases of persons who are regarded as high risk.

However, until there are more feasible and better funded alternatives in the grants, scholarships, and work-study programs, it may be essential to keep the current loan structure in place.

One of the programs which our association has encouraged and nurtured over the last 15 years has been the State scholarship programs. The Federal State student incentive grants have been designed to stimulate those States which did not have such programs or whose programs were not based on need.

The State scholarship programs, aided by a relatively small amount of Federal funds, have proved to be very successful student aid programs. We believe there should be a Federal incentive to make all State scholarship programs available to students attending both public and private institutions and to permit portability of scholarships to out-of-State institutions.

We also believe that the matching percentages under this program should be shifted to provide a minimum 60-percent contribution by the Federal Government. Recommended authorization level should be $200 million each fiscal year.

We fully endorse the tuition equalization grants currently in operation in several States, and we recommend a Federal matching grants program to assist the States in providing tuition grants to students enrolled in undergraduate programs in private colleges and universities.

We endorse the recommendation made by the Carnegie Council on Policy Studies in Higher Education concerning the Federal appropriation for this program.

We believe that in new legislation recognition should be given to the status of independent students, part-time students, and State student assistance programs.

We have been deeply concerned over the last 3 years about the 1202 commissions. Our concern evolves from the real and potential abuses of such commissions.

We are not opposed to planning or coordination in postsecondary education. For many years, faculties have joined with administrations and governing boards to carry out such functions. But the 1202 commissions, particularly where they are separate from the established governing boards, have an ill-defined role in postsecondary education and, therefore, create serious problems for many institutions. They may eventually prove helpful in planning.

But their potential impact on coordination is dubious and their assumed role in governance is contrary to the principle of shared responsibility which prevails in American higher education.

We are opposed to their efforts to become superboards, remote and removed from the campuses and indifferent to the concerns of students and faculty. We think that another bureaucracy at the State level to watch over higher education is unnecessary and that minimal funds will be saved as a result of the activities of the 1202 commissions.

We strongly recommend that, in revising the education amendments, section 1202 and related sections be deleted and that Federal funds for the State postsecondary education commission be shifted to more productive uses.

We recommend that the present college library programs provided in the Higher Education Act of 1965 and the Education Amendments of 1972 be extended, pending the recommendations of the White House

Conference on Libraries and Information Services, which we have supported since the introduction of Senate Joint Resolution 40 by Senator Pell.

There is a complexity of needs in college library programs, some of which are related to the training of specialized personnel and other related to facilities and technology.

The relatively small Federal appropriation, in contrast to both the authorization and the demonstrated need, provides minimal assistance. However, libraries are one of the most important parts of the educational process, and there is considerable danger of their being ignored in the funding of postsecondary education.

We call special attention to the recommendation of the Carnegie Council on Policy Studies in Higher Education for a new program of Federal support for research libraries with an initial appropriation of $10 million. We fully endorse the Council's recommendation.

The developing institutions program has great potential for accomplishing the purpose of allowing a selected number of institutions to improve their programs over a 5-year period.

We are familiar with the programs of the institutions on the basis of our own special project on developing institutions and the work of our committee on predominantly black institutions. It is our understanding that the programs have produced constructive changes in institutions which serve significant percentages of blacks, Spanish-speaking Americans, American Indians, and other minorities. The program should be extended.

The need for continuing research in postsecondary education was best illustrated by the efforts of the National Commission on the Financing of Postsecondary Education.

With a valuable data base resulting from its research, the Commission went out of business. Its work was significant and its recommendations may have long-term impact. But continuing research on this and other subjects is necessary if the educational system is to remain sensitive to current theories of change and improvement.

Our society is research-oriented in both public and private endeavors. We are concerned over the minimal amount of Federal funds available for educational research.

We recognize that certain educational research projects have not been adequately explained to Members of Congress and, as is characteristic of any field of research, some of the projects have not been adequately designed. Whatever the problems of initiation may be, they should not serve to discourage the potential activities of such agencies as the Fund for the Improvement of Postsecondary Education.

The subcommittee may wish to clarify the responsibilities of these agencies, but we strongly recommend extension of programs of educational research.

We regret that Congress has failed to fund title X of the education amendments. This might have been understandable had the funding of the basic educational opportunity grants, supplemental educational opportunity grants, college work-study, and the State student incentive grants been sufficient to induce a sharp increase in enrollment. But, as enrollment has stabilized and costs have risen sharply, institutions have managed to survive largely on the basis of maintaining the status quo.

The innovation and experimentation so vital to the success of the college curriculum has been minimized.

We also believe that cost of education supplements, as provided in title X, would stabilize the private institutions and thereby contribute to the strengthening of the pluralistic and diverse system of higher education.

We recommend that the revised legislation incorporate a provision for assistance to institutions of higher education and that the authorization level relate to the funding of the Federal student assistance program.

The restructuring of Federal education administration in the Education Amendments of 1972 by creating the Office of Assistant Secretary for Education has not proved satisfactory. The Office of Education has developed nearly all of the characteristics of a regulatory agency rather than an administrative agency.

Fragments of the Federal education program remain scattered among many different agencies. The budget for the Education Division is frequently constrained by appropriations for noneducation programs within the Department of Health, Education, and Welfare. The situation is not much better than it was in 1972.

Our association has recently endorsed H.R. 60, establishing a separate Department of Education, which was introduced by Congressman Carl Perkins and Tim Hall.

We believe that this is an essential step forward in the effort to clarify responsibilities for administration of Federal education programs. More specifically, we believe that the creation of a separate Department of Education would contribute to a new higher priority for programs affecting higher education. We ask your support for this legislation.

In concluding my remarks, I urge the subcommittee to consider the current status of the Federal/State partnership in postsecondary education. The States retain their historic commitment to maintaining a strong system of higher education. The Federal commitment to higher education as a national resource will require strengthening in the immediate future.

We would encourage, therefore, an immediate reassessment of the current priority for Federal programs affecting higher education. We recognize that whatever legislation evolves from the deliberations of this subcommittee will have a major impact on the future vitality of the academic community.

Our request to you is that, after very careful sifting of the data and exploration of the genuine needs of our students, you approve legislation which will serve to stabilize and strengthen the academic programs of this Nation.

I would welcome your questions, and I hope that you will call upon us for assistance as you continue your deliberations.

Senator **Pell**. Thank you.

Yesterday, the American Council on Education (ACE), represented by Mr. Charles Saunders, spoke about a new program for graduate education.

What is the view of the AAUP on this, particularly since graduate education seems to be slanted toward training college professors where there is a teacher surplus at this time?

Mr. Yost. It is not an easy question to answer, obviously.

Graduate education serves more purposes than just training college teachers.

As you know, a large number of people with graduate degrees are employed in industry, in government, and elsewhere. Graduate education also serves the secondary function in a university of keeping the research function alive and providing student teaching assistance that help to keep the university alive.

I think you cannot look at it merely as a job creation situation for professors.

Now, it is true that the job market for college teachers is not as good as it was. That does not mean there are no jobs.

I happen to know about biology because I am a biologist.

This year, there were 815 new positions available for biologists. So you cannot talk in terms of just stepping out of this altogether. I think, in my own view, it is necessary to restructure graduate education.

I think there is no doubt about that.

Senator Pell. Don't you think that a man being trained to teach biology or education, who does not get a job in his field and has to go into industry will feel shortchanged?

Wouldn't it be better to give him some more useful education?

Mr. Yost. Some people would rather go into industry than into college teaching. Sure, some people are going to feel shortchanged. But the whole educational structure would have to collapse if we followed that logic.

Some people are going to go to college at any level and not get the job they wanted to get when they went in.

Senator Pell. I am not saying it should be eliminated. I am just saying should it not be curtailed, attenuated, rather than expanded?

Mr. Yost. I think it is necessary to cut back on the total amount of money spent on graduate education. Yes, there is no doubt about that.

The only thing I think we would be concerned with as an association is how that curtailment occurs, and it could be done in a lot of very strange ways.

If you were to merely cut back on the total research support and total funds for graduate education and, say, well, somehow or other, colleges and universities will do this, then a lot of important colleges perhaps would collapse.

So I think it is necessary to go at these programs pretty much one at a time and see which ones are functioning and which ones are not.

As you know, political problems here are tough, so if you just cut back the raw money, well, Harvard maybe will maintain a good graduate program, and some unnamed university somewhere will collapse.

I think that is not fair, because not all of the graduate funds should be in the prestige universities.

There is a need for other universities to have graduate programs, perhaps cut down somewhat.

Senator **Pell**. With regard to special assistance to disadvantaged graduate students, do you think it is proper to refer to a student who already has an A.B. as being disadvantaged? The very fact that you have your bachelor's degree moves you from the disadvantaged categorization.

Mr. **Yost**. I would like to believe the granting of an A.B. would remove disadvantage. I do not believe, in fact, it always does. Sometimes it does. Many times it does not.

I think that it is necessary to get more people in that group into the academic profession for sure, and I think also into important positions in industry and Government. And I think it is necessary to encourage them to go into graduate training because, in many cases, there is a feeling that they would not have those opportunities.

So it takes a special incentive to get them into graduate programs. I think it is important to continue that.

Senator **Pell**. Do you think that there should be some revision in the student assistance programs?

Mr. **Yost**. Yes; I think there should be revision. We would like to see more money given to grants, less money directed to loans.

Because I say, I always have to keep qualifying that, because we do not want to come out against loans if the other money is not going to be there. Our thrust is more in grants, more equalization grants, cost education supplements, and this sort of thing, and less money spent on loans.

Senator **Pell**. I would agree with you, but this is a question of dollars and cents paid by the taxpayers.

While the rate of default is horrendous, still the taxpayer presumably spends less by doing it with loans than he does with grants. That is an argument on the other side.

Mr. **Yost**. Yes. I tell you one impression that I have is at the present time the BEOG's application form is so complex that many student financial officers on college university campuses are saying, well, just go get a loan. It is guaranteed anyway, and so forth and so on. To fill out that form is not worth it.

I think one of the things you have got to look at very carefully is that many people may be applying for loans just because the forms are too complicated. This may increase, not decrease it.

Senator **Pell**. I think this is a very interesting point. It is well taken.

The question is, how can one meet the requirements of the law and make the form any simpler?

I have tried filling out the form for the sake of argument, and I found it a very complicated job to do.

Well, I thank you very much indeed, Professor Yost, for being with us, as well as Mr. Sumberg who represents you well.

Mr. **Yost**. Thank you.

[The prepared statement of Mr. Yost follows:]

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STATEMENT

to the

SENATE LABOR AND PUBLIC WELFARE SUBCOMMITTEE ON EDUCATION

July 16, 1975

by

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Chairman, Committee on Governmental Relations
of the
American Association of University Professors

Accompanied by:
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Mr. Chairman and Members of the Subcommittee:

I am Henry T. Yost, professor of biology at Amherst College. I am here today in my capacity as chairman of the committee on governmental relations of the American Association of University Professors (AAUP). AAUP is the largest and oldest association of college and university teachers. We have concerned ourselves with the relationships between government and higher education since the Association's establishment in 1915.

We understand that the purpose of the current series of hearings is to assess the Education Amendments of 1972 and to develop a set of recommendations relative to the programs authorized by that legislation. My purpose here today is to provide a faculty perspective in the assessment of the programs and to give you our recommendations.

The Education Amendments were designed to permit direct Federal assistance to students enrolled in postsecondary education, to grant Federal funds to those academic programs and institutions which are capable of meeting students' current educational needs, and to support educational research, innovation, and expermentation in higher education.

Within a year following their passage, we analyzed the Amendments and said that "this Act may prove to be the most significant piece of legislation affecting higher education since the passage of the Morrill Act in 1862." We called attention to five provisions and said that they deserved "the closest attention by the entire higher education community for they could result in revolutionary changes not just in education but even in the structure of our society." Those five provisions were: (1) the entitlement provision of the Basic Educational Opportunity Grants; (2) the change in emphasis from traditionally defined higher education to the newly defined postsecondary education; (3) the assertion in Title X of a policy of direct Federal aid to institutions of higher education;

(4) the creation of the State Postsecondary Education Commissions with broad responsibilities for planning and coordination; and (5) the establishment of the National Commission on the Financing of Postsecondary Education.

In a further assessment of the Amendments in 1974, we analyzed the progress of the Basic Educational Opportunity Grants program, discussed the problems created by the State Postsecondary Education Commissions, and in reviewing the current theories of financing higher education, reasserted the Association's traditional principle that "no qualified young man or woman should be denied a college or university education solely because of financial reasons."

In the period since 1972, Congress has increased funds each fiscal year and has acted in its oversight role on regulations issued by the Department of Health, Education and Welfare. We continue to believe that the Amendments represent historic legislation, that the thrust was in the proper direction, and that the principles upon which they were based are as valid today as they were in 1972. The unfortunate aspect has been that since 1972 the priority for postsecondary education relative to other programmatic priorities in the Federal budget has been permitted to decline. Federal funding is obviously a function of priority. Several significant programs in the Education Amendments have never been funded while others of equal significance have been funded substantially below authorization levels. Of fundamental concern to us is the need to implement a true entitlement under the Basic Educational Opportunity Grants. The result of the decline in priority, the underfunding or non-funding of programs, and the failure to implement a true entitlement has been a severe undercutting of expectations, particularly among those students and potential students from disadvantaged groups which theoretically benefit from the programs created by the Education Amendments.

Whatever their situations, the great majority of students require financial assistance. There is, as you know, an increasing expectation of Federal assistance from students in the middle-income category. With the sharp rise in costs induced by inflation, those academic programs and institutions which meet the educational needs of students are experiencing serious financial difficulties. They do not have sufficient funds to expand even with a marginal growth in enrollment. They lack funds to innovate and to experiment with new programs because there is no guarantee of continued funding beyond the initial funds and even the initial funds may not be available. Higher education sits on a precarious financial ledge. Another severe increase in costs over which the institutions have no control may well push many of them into programs of sharp retrenchment. This is one of the primary reasons we are deeply concerned about the decline in the priority for postsecondary education in the Federal budget. The National Commission on the Financing of Postsecondary Education has recommended that the Federal government "accept major responsibility for financing postsecondary educational programs that serve goals and priorities that are primarily national." The Carnegie Council on Policy Studies in Higher Education has recommended that the Federal government increase its share of total public financial support of postsecondary education to 50% in order to continue to encourage equality of opportunity in postsecondary education, to promote scholarship and the advancement of knowledge through support of graduate education and research, to attain a nationwide balance in opportunities by equalizing opportunities among the states, and, in conjunction with the states, to assure a reasonable degree of overall institutional health. It appears to us that in the discussions over revision of the Education Amendments of 1972 the primary question is what will be the priority assigned by the Federal government to postsecondary education during the next decade.

The Higher Education Act of 1965 and the Education Amendments of 1972 reflected the educational needs of our society in a period of intense social change. The legislation which this Subcommittee recommends should necessarily reflect prospective educational needs over the next decade. In this context, we believe that the focus of attention must continue to be on the student of postsecondary education and the academic programs and institutions which serve to fulfill the students' educational needs. But that focus must be defined more precisely if the Federal higher education programs are to have the impact for which they are designed. The National Commission on the Financing of Postsecondary Education recognized that among the most necessary objectives of postsecondary education are student access, student choice, and student opportunity. Those objectives have not been fulfilled during the lifetime of the 1972 Amendments. New legislation should be directed toward their fulfillment. It is also necessary to analyze the new students currently and prospectively enrolled in postsecondary education. Students are older than the traditional college age of 18-21. There are more women enrolled but it appears that fewer blacks are applying for admission. There is an increasing percentage of part-time students. Students are increasingly attracted to non-traditional studies. Similarly, students are confronted by numerous and attractive alternative opportunities outside of postsecondary education. We would encourage this Subcommittee to strengthen those programs which encourage these prospective students to continue their education beyond the secondary level.

On the basis of these preliminary remarks, I wish now to proceed to more specific recommendations about several of the programs under the Education Amendments of 1972.

STUDENT ASSISTANCE

In the long history of higher education, financial resources have played a disproportionate role in the determination of which students will enroll, which will remain, and which will graduate. As teachers, our primary concern is that financial assistance which will permit students to enroll and carry on their studies with minimal interruption should be available.

In fulfilling its responsibility for implementation of equal access and equal opportunity, Congress included in the Education Amendments of 1972 an entitlement provision under the Basic Educational Opportunity Grants. The entitlement held out the promise of access and opportunity to those prospective students who lacked minimal resources for a postsecondary education. The promise has not been fulfilled, although a good faith effort was made. Inadequate funding and complex government regulations have frustrated the promise. We believe, therefore, that it is essential for Congress to strengthen the entitlement principle in order to assist students with genuine financial need based on low personal income or low family income. The time is now appropriate to be bold in carrying out the entitlement provision under the Basic Educational Opportunity Grants, to make it a true entitlement in the next decade, and to move swiftly toward fulfilling the goal of equal opportunity.

1. Under the Basic Educational Opportunity Grants, we recommend a true entitlement of $1600, elimination of the one-half cost of education limitation, removal of family assets from any needs test, utilization of adjusted gross income as the determinant of need, and a mandated program of public information about the Basic Educational Opportunity Grants. We recommend that funding be based on a minimum 75% participation rate.

2. We do not believe Supplemental Educational Opportunity Grants should be eliminated until there is full funding of the State Student Incentive

Grants, College Work-Study, and a true entitlement for BEOGs. We recommend that SEOGs be awarded directly to students. Recommended authorization level: $200 million each fiscal year.

3. College Work-Study is one of the most effective of the student assistance programs. It has significance well beyond its stated purposes since it is an extension of both education policy and man-power policy. We believe that the program should become more flexible by making work-study employment eligible for academic credit and by eliminating need as the basis for student participation. Recommended authorization level: $600 million for FY 1977 with a $60 million increment each year thereafter through FY 1980.

4. The two student loan programs, Guaranteed Student Loans and National Direct Student Loans pose an enigma for the academic community. Our preference is to minimize loans to students although we realize that in some instances loans serve as the only means by which students may gain access to higher education. We prefer that the loan program operate primarily through the States with the Federal government retaining a small emergency loan program which would permit participation loans available through the federally chartered banks, savings and loan associations, credit unions, and other commercial lending institutions for those persons who reside in areas where there may be inadequate loan funds or in those cases of persons who are regarded as high-risk. However, until there are more feasible and better funded alternatives in the grants, scholarships, and work-study programs, it may be essential to keep the current loan structure in place.

5. One of the programs which our Association has encouraged and nurtured over the last 15 years has been the state scholarship programs. The Federal

State Student Incentive Grants have been designed to stimulate those States which did not have such programs or whose programs were not based on need. The state scholarship programs, aided by a relatively small amount of Federal funds, have proved to be very successful student aid programs. We believe there should be a Federal incentive to make all state scholarship programs available to students attending both public and private institutions and to permit portability of scholarships to out-of-state institutions. We also believe that the matching percentages under this program should be shifted to provide a minimum 60% contribution by the Federal government. Recommended authorization level: $200 million each fiscal year.

6. We fully endorse the Tuition Equalization Grants currently in operation in several states, and we recommend a Federal matching grants program to assist the States in providing tuition grants to students enrolled in undergraduate programs in private colleges and universities. We endorse the recommendation made by the Carnegie Council in Policy Studies in Higher Education concerning the Federal appropriation for this program.

7. We believe that in new legislation recognition should be given to the status of independent students, part-time students, and state student assistance programs.

STATE POSTSECONDARY EDUCATION COMMISSIONS

We have been deeply concerned over the last three years about the 1202 Commissions. Our concern evolves from the real and potential abuses of such commissions. We are not opposed to planning or coordination in postsecondary education. For many years faculties have joined with administrations and governing boards to carry out such functions. But the 1202 commissions, particularly where they are separate from the established governing boards, have an ill-defined role in postsecondary education and therefore create serious problems for many institutions. They may eventually prove helpful in planning. But their potential impact on coordination is dubious and their assumed role in governance is contrary to the principle of shared responsibility which prevails in American higher education. We are opposed to their efforts to become superboards, remote and removed from the campuses and indifferent to the concerns of students and faculty. We think that another bureaucracy at the state level to watch over higher education is unnecessary and that minimal funds will be saved as a result of the activities of the 1202 commissions.

We strongly recommend that in revising the Education Amendments Section 1202 (and related sections) be deleted and that Federal funds for the state postsecondary education commissions be shifted to more productive uses.

COLLEGE LIBRARY PROGRAMS

We recommend that the present college library programs provided in the Higher Education Act of 1965 and the Education Amendments of 1972 be extended pending the recommendations of the White House Conference on Libraries and Information Services, which we have supported since the introduction of Senate Joint Resolution 40 by Senator Pell. There is a complexity of needs in college library programs, some of which are related to the training of specialized personnel and others related to facilities and technology. The relatively small Federal appropriation, in contrast to both the authorization and the demonstrated need, provides minimal assistance. However, libraries are one of the most important parts of the educational process, and there is considerable danger of their being ignored in the funding of postsecondary education.

We call special attention to the recommendation of the Carnegie Council on Policy Studies in Higher Education for a new program of Federal support for research libraries with an initial appropriation of $10 million. We fully endorse the Council's recommendation.

STRENGTHENING DEVELOPING INSTITUTIONS

The Developing Institutions Program has great potential for accomplishing the purpose of allowing a selected number of institutions to improve their programs over a five-year period. We are familiar with the programs of the institutions on the basis of our own Special Project on Developing Institutions and the work of our committee on predominantly black institutions. It is our understanding that the programs have produced constructive changes in institutions which serve significant percentages of blacks, Spanish-speaking Americans, American Indians, and other minorities. The program should be extended.

EDUCATIONAL RESEARCH

The need for continuing research in postsecondary education was best illustrated by the efforts of the National Commission on the Financing of Postsecondary Education. With a valuable data base resulting from its research, the Commission went out of business. Its work was significant and its recommendations may have long-term impact. But continuing research on this and other subjects is necessary if the educational system is to remain sensitive to current theories of change and improvement. Our society is research-oriented in both public and private endeavors. We are concerned over the minimal amount of Federal funds available for educational research. We recognize that certain educational research projects have not been adequately explained to members of Congress, and, as is characteristic of any research, some of the projects have not been adequately designed. Whatever the problems of initiation may be, they should not serve to discourage the potential activities of such agencies as the Fund for the Improvement of Postsecondary Education.

The Subcommittee may wish to clarify the responsibilities of these agencies, but we strongly recommend extension of programs of educational research.

ASSISTANCE TO INSTITUTIONS OF HIGHER EDUCATION

We regret that Congress has failed to fund Title X of the Education Amendments. This might have been understandable had the funding of the Basic Educational Opportunity Grants, Supplemental Educational Opportunity Grants, College Work-Study, and the State Student Incentive Grants been sufficient to induce a sharp increase in enrollment. But as enrollment has stabilized and costs have risen sharply, institutions have managed to survive largely on the basis of maintaining the status quo. The innovation and experimentation so vital to the success of the college curriculum has been minimized. We also believe that cost-of-education supplements, as provided in Title X, would stabilize the private institutions and thereby contribute to the strengthening of the pluralistic and diverse system of higher education.

We recommend that the revised legislation incorporate a provision for assistance to institutions of higher education and that the authorization level relate to the funding of the Federal student assistance programs.

A NEW DEPARTMENT OF EDUCATION

The restructuring of Federal education administration in the Education Amendments of 1972 by creating the office of Assistant Secretary for Education has not proved satisfactory. The Office of Education has developed nearly all of the characteristics of a regulatory agency rather than an administrative agency. Fragments of the Federal education program remain scattered among many different agencies. The budget for the Education Division is frequently constrained by appropriations for non education programs within the Department of Health, Education and Welfare. The situation is not much better than it was in 1972.

Our Association has recently endorsed H.R. 60 establishing a separate Department of Education, which was introduced by Congressmen Carl Perkins and Tim Hall. We believe that this is an essential step forward in the effort to clarify responsibilities for administration of Federal education programs. More specifically, we believe that the creation of a separate Department of Education would contribute to a new higher priority for programs affecting higher education. We ask your support for this legislation.

CONCLUSION

In concluding my remarks, I urge the Subcommittee to consider the current status of the Federal/State partnership in postsecondary education. The States retain their historic commitment to maintaining a strong system of higher education. The Federal commitment to higher education as a national resource will require strengthening in the immediate future. We would encourage, therefore, an immediate reassessment of the current priority for Federal programs affecting higher education. We recognize that whatever legislation evolves from the deliberations of this Subcommittee will have a major impact on the future vitality of the academic community. Our request to you is that after very careful sifting of the data and exploration of the genuine needs of our students you approve legislation which will serve to stabilize and strengthen the academic programs of this nation.

I would welcome your questions, and I hope that you will call upon us for assistance as you continue your deliberations.

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Senator Pell. Our next witnesses will be representing the United Negro College Fund and the National Association for Equal Opportunity in Higher Education, Myles M. Fisher IV, executive secretary, National Association for Equal Opportunity in Higher Education; Dr. Charles A. Lyons, Jr., president, National Association for Equal Opportunity in Higher Education and Chancellor, Fayetteville State University, N.C.; and Dr. Milton K. Curry, Jr., president, Bishop College, Dallas, Tex., secretary, National Association for Equal Opportunity in Higher Education, and president, United Negro College Fund, Inc.

We will have to move as quickly as possible, I am afraid. I would like to be able to stop the clock, but carry on.

STATEMENT OF MYLES M. FISHER IV, EXECUTIVE SECRETARY, NATIONAL ASSOCIATION FOR EQUAL OPPORTUNITY IN HIGHER EDUCATION, ACCOMPANIED BY DR. CHARLES A. LYONS, JR., PRESIDENT, NATIONAL ASSOCIATION FOR EQUAL OPPORTUNITY IN HIGHER EDUCATION, AND CHANCELLOR, FAYETTEVILLE STATE UNIVERSITY, NORTH CAROLINA; DR. MILTON K. CURRY, JR., PRESIDENT, BISHOP COLLEGE, DALLAS, TEX., SECRETARY, NATIONAL ASSOCIATION FOR EQUAL OPPORTUNITY IN HIGHER EDUCATION, AND PRESIDENT, UNITED NEGRO COLLEGE FUND, INC., A PANEL

Mr. Fisher. I am Myles Fisher, executive secretary, National Association for Equal Opportunity in Higher Education.

Mr. Chairman and members of the Senate Subcommittee on Education of the Committee on Labor and Public Welfare, the National Association for Equal Opportunity in Higher Education is happy to have this opportunity to present testimony on the reauthorization of the Higher Education Amendments.

Our witnesses today are Dr. Charles Lyons, Jr., president of the National Association for Equal Opportunity in Higher Education, and chancellor of the Fayetteville State University of North Carolina; and Dr. Milton K. Curry, Jr., president of Bishop College, Dallas, Tex., and secretary of the National Association for Equal Opportunity in Higher Education, and president of United Negro College Fund, Inc.

Our testimony covers four areas, namely historically black colleges and universities; student financial assistance; strengthening developing institutions; and other higher education programs.

Our witnesses will address themselves to these areas. We would ask that these and other materials be submitted for the record.

Senator Pell. They will be printed in full in the record at the conclusion of your panel testimony.

Mr. Fisher. In view of the time, we will ask Dr. Lyons to make a presentation, followed by Dr. Curry, and I hopefully, will be able to have a concluding statement.

Mr. Lyons. I am Charles Lyons, president of the National Association for Equal Opportunity in Higher Education, and chancellor of Fayetteville State University, N.C.

I am happy to be back before your subcommittee again. I had the pleasure of appearing once before, I believe.

I would like to make some background comments, Mr. Chairman, relative to the association which we represent and the institutions which constitute this association.

There are 107 of these institutions representing both 2-year and 4-year public and private institutions, a number of which have graduate and professional schools in about 19 States and the District of Columbia. These institutions enroll upward of 200,000 students at the present time and annually graduate more than 30,000 students with undergraduate degrees and graduate and professional degrees.

These institutions have been the providers of equal education opportunity with access, choice, and achievement for thousands of students over the years.

At the present time, these institutions, like others, are suffering from the economic crisis but, at the same time, they are continuing to do an adequate educational job considering the resources that they have with which to do these jobs.

One thing we would point out is that in the country at large blacks and other minorities represent a disproportionate share of the enrollment in institutions of higher education, both at the undergraduate and graduate and professional levels. We do have to contend with the concepts of some people about whether or not these institutions are still needed.

We would like to reply briefly to some of the thoughts of some people in this regard and, one, to say that these institutions, over the years, have been, in many cases, the only avenue through which black and minority youngsters have had the opportunity for upward mobility in our society.

These institutions, right today, have more students applying for admission than they can accept.

Another thing to point out is that these institutions are accredited by the same regional accrediting associations that accredit other institutions in the country. They do not deny equal opportunity to persons based on race.

Evidence indicates that many of the other institutions are cutting back and retrenching in their programs to aid disadvantaged youngsters from minority groups.

So these youngsters have got to go somewhere, and we feel our institutions provide that resource for them.

One other point I would like to make with regard to the background information. I would like to emphasize this, that these institutions have historically championed the cause of equal employment and higher education.

If you look at the history of them, especially the private ones that were not under the legislative restrictions for public institutions in the South, that they have never had in their charters any discriminatory provisions and that, by and large, they have always had integrated faculties and staffs and integrated student bodies. And today in this country the historic black institutions are perhaps the most integrated institutions from the standpoint of staff, faculty, student bodies, in the country.

I would like to point out, finally, that when you think about the output of these institutions and the value of these institutions to higher education and to American society, I would like to point out these statistics.

Seventy-five percent of the black officers in the Armed Forces are graduates of these institutions. I shudder to think where we would be in the Armed Forces insofar as integration is concerned had we not had these institutions.

Fifty percent of all the black Members in the U.S. Congress attended or graduated from these institutions.

Over 80 percent of the black Federal judges and Supreme Court Justice Thurgood Marshall are products of these institutions.

Approximately 95 percent of the elected black officials in the cities, counties, and States across the South attended and/or graduated from historically black colleges and universities as well as a significant proportion of those in the entire Nation.

Seventy-five percent of the blacks who hold the highest academic degrees, Ph. D., received their baccalaureate degree from the historically black college.

The same is true of the black doctors, lawyers, ministers, scholars, educators, and businessmen.

These are some of the facts and background, Mr. Chairman, that I think ought to be a part of the record as a basis for looking at and suggesting and recommending some other of the types of programs which will be recommended by my colleagues, Dr. Curry and Mr. Fisher.

Mr. CURRY. Senator Pell and members of the subcommittee, I am M. K. Curry, Jr., president of the United Negro College Fund, Inc., which includes some 41 predominantly black institutions with enrollment of some 48,000 students, graduating some 7,500 students per year.

I am also president of Bishop College in Dallas, Tex., a private institution which has profited greatly from tremendous programs developed by the Federal Government since the 1960's.

I have been asked to speak as part of the team concerning the importance of title III program and strengthening developing institutions.

I think one of the most significant things which the Federal Government has done in higher education in the past score of years has been the development of this program and its expansion to include both the basic program and now the advanced institutional development program, which represent, I think, some high water marks of Federal participation and improvement of educational opportunity and increasing access to members of minority groups and for the poor.

We commend you for what has been done, despite the fact that, until recently, the program has not been funded with respect to the appropriations, has been considerably increased, and we should like to recommend some improvement.

You will be interested to know that some 41 institutions have moved within the past 3 years to the advanced state where they are able to plan over a 3- to 5-year period and make considerable progress, and in our own institutions progress has been almost unbelievable. I can cite evidences from most of the other institutions, pointing out the same thing.

We do have some recommendations which have come from practically all the members who have participated in these programs, and we should like to present them to you. They are listed in expanded form in the paper to be given to you:

(1) The program should be continued as is with maximum changes in the basic and advanced institutions subparts of the program.

(2) The basic institutional development program should be continued with a minimum funding requirement of $60 million.

(3) The advanced institutional development program should be continued with a minimum funding requirement of $60 million.

(4) The major emphasis should continue to be those institutions that serve large populations of disadvantaged, minority, and low-income students.

(5) The best interest of these institutions will be protected if the operational side of this program is maintained at the national level rather than decentralizing it.

(6) The 4-year/2-year percentage designation on level of funds should be continued at the present 76 percent for 4-year institutions and 24 percent for 2-year institutions.

(7) The developing institutions should continue to be given the matching waiver in the following programs—college library assistance program, college library training and research program, Talent Search, Upward Bound, special service for the disadvantaged students, educational opportunity centers programs, college work study, cooperative education programs, national direct student loan program, financial assistance for improvement of undergraduate institutions, and construction of academic facilities.

(8) The indirect cost provision should be reconsidered as a part of these programs.

(9) The replacement of funds feature in the advanced institutions development program regulations should be reconsidered in view of the economic crisis and its impact upon these institutions.

(10) The funds should be permitted to be used to set up endowments in these institutions as well as to allow institutions to seek other support.

(11) The program should take into consideration the small number of yet unaccredited black colleges that need this support to move toward their accreditation.

(12) The consideration of increased levels of authorization for the developing institutions program at $140 million for fiscal year 1977, $160 million for fiscal year 1978, $180 million for fiscal year 1979, and $200 million for fiscal year 1980.

I just have two or three recommendations to make with regard to private institutions, since I do represent the United Negro College Fund also.

We think that the capability to provide or deliver a viable system of aid to students, most of whom come from families whose incomes place them at the poverty level, should be increased.

We think there should be freedom in the world's greatest democracy to decide between public and private higher education and should not be limited to the rich and well born.

We would urge expansion of BEOG, SEOG, work study, student aid programs.

We would like to recommend for your consideration a college endowment funding program. This is the brainchild of Dr. Patterson. We give you information dealing with it.

These institutions plan for the future. We think the Federal Government can do the same thing it did for the endowment as it did for the construction of buildings on our campuses with much less risk.

The next thing that these colleges need is continuance for another 10 years of a program for grants and loans to renovate and update academic and housing facilities and to install up-to-date equipment, enable them to make that curriculum relative to the emerging needs of students and society.

Next, we should support institutional support grants for student scholarships and loans do not help institutions as much as some things, since none of them charge enough to cover the total cost of education.

Then, we think there should be provision, as I indicated before, by indirect cost in grants made to traditionally black colleges.

In conclusion, Mr. Chairman, I would say that America stands to profit from the development of a tremendous reservoir, the heretofore untapped social, economic, and political power represented and resident in this tenth of the population represented by the black minority and by 40 percent of our total population in urban and rural poor.

We would like to urge you to take bold steps necessary to keep our great Nation moving from shirtsleeves to shirtsleeves in three generations—we believe in creative solutions which implementation of our suggestions will achieve and will enable America to make its future greater and more glorious than its past.

Mr. FISHER. Senator Pell, one of the priorities every association, for the past few years, has been that of financial assistance.

We have a statement on student financial assistance.

I realize that the time will not permit me to go into detail on that statement, but I would like to say that in keeping with the purpose of the Education Amendments of 1972, the student assistance program, as proposed, continues to be necessary in order to assist those students that have need with regard to participation in education experience.

Institutions that we serve depend greatly upon student assistance in adequate sums so that students might have the opportunity of pursuing their educational experiences within this type of environment.

A tiered approach to student financial assistance is necessary to allow the students real options to go with initial access that a program of the basic educational opportunity grants type will afford many students.

A mix of grants, work, loans, cooperative education types should make up this approach. A necessary condition is that all funds in these respective programs be increased to accommodate the expanded enrollments so that no students will be turned away and turned off because of lack of the availability of financial options for the educational experience.

I would say that, in many instances, it may be that inadequate amount of funds in other programs, other than BEOG, have also been a part of the reason why BEOG grants have not been used.

The student would have a fraction of the grant, but there was no way to get the other part of the money that he needed to make up the total package.

Senator PELL. You would support the concept of eliminating the half cost provision in the basic grant program?

Mr. FISHER. Well, that has been a point that the jury is kind of still out on. We are still discussing and debating that issue, what is the real implication of the removal of that half cost?

The question has to do basically with, in the initial putting together the program, was half cost put there to save Federal funds?

Was it there to, in a sense, give real options between public and private sectors, or was it there because you did not want to give a student all the money, to give them a free ride, and these are some of the considerations?

Senator PELL. Since I was the one responsible in great part for the provision, and I can say it was not designed to save the Federal Government money. It was designed basically to give more of an option between private and public institutions.

Mr. FISHER. We are still sort of debating if, in view of the circumstances, if that is removed, what does that really do?

We have not finished getting our data together as to how that will come out for these particular institutions.

Senator PELL. Let us know your view. I think you will find, generally speaking, most of the education community seems to want this provision removed.

What is your thought with regard to graduate education?

Do you think there should be a special program for minority group students in graduate education, specifically, can a student be disadvantaged if he has received his bachelor's degree?

Mr. FISHER. In our society today, I do not think we can say, because a person has a bachelor's degree, that he is disadvantaged. There are many areas which require a master's degree, as years ago, the high school degree was supposed to have been a kind of important phase of one's education and development.

Today, the bachelor's degree probably means no more than a high school degree meant in the past.

Actually, if you are going to move into leadership positions, if you are going to have jobs where you are going to have an opportunity to provide leadership, then you are going to have to have a master's and different professional degrees, and maybe a doctor's degree.

Senator PELL. I would be inclined to agree with you.

Mr. LYONS. If I could make this comment.

Many of these youngsters, and we have done some calculations, about 75 percent of the youngsters who go to our institution alone come from families with income of less than $6,000 a year. Those youngsters barely make it out of college by the skin of their teeth. You have got some really bright youngsters in these classes.

Our institutions and other institutions need professors, and somehow these bright jewels who come out with baccalaureate degrees, unless they have some means of going to graduate school, to earn graduate degrees, have to go into the job markets, and they may never get back into graduate schools.

We need more dentists. The state of dental health among blacks and minorities in this country is atrocious. We need to encourage more of these youngsters to go into dental school.

We need more doctors and more lawyers.

Less than 1 percent of the legally trained persons in this country, according to the latest statistics I read, are persons from minority background.

These are some of the kinds of facts and statistics that we read every day.

Senator **Pell**. In your institutions, what percentage of the faculty is not black? What percent would be white?

Mr. **Lyons**. In many of these institutions, it is upward of 30 to 35 percent. In some of these institutions, 50 percent of the faculties are nonblack, of the historically black institutions.

Senator **Pell**. Of the student body of the institutions for which you speak, what percentage of those would be nonblack?

Mr. **Lyons**. It ranges from 4 or 5 percent up to 35 or even 60 percent in some instances—in institutions, let us say, like West Virginia State, that used to be an all-black institution, and Lincoln University in Missouri, Bowie State College has 35 percent, Kentucky State University, it is up to about 35 percent.

Lincoln University in Pennsylvania, I am sure it is up to about 35 percent.

Senator **Pell**. Do you have the figures available for your institutions?

In other words, what is the average percentage of nonblack attendance at your institutions?

Mr. **Lyons**. Could we get those and furnish them to you?

Senator **Pell**. We would like to have those for inclusion in the record along with your statement.

I thank you very much indeed for being with us. We appreciate your testimony.

It is good seeing you again.

Mr. **Fisher**. Thank you.

Senator **Pell**. Mr. Fisher, I know we have worked together quite closely, and it is a delight that you are here.

Mr. **Fisher**. Thank you very much.

[The joint prepared statement of Messrs. Fisher, Lyons, and Curry follows:]

COMMITTEE ON LABOR AND PUBLIC WELFARE

SUBCOMMITTEE ON EDUCATION

Claiborne Pell (D-R.I.)
Chairman

STATEMENT ON: HISTORICALLY BLACK COLLEGES AND UNIVERSITIES

Presented On Behalf of THE NATIONAL ASSOCIATION

FOR EQUAL OPPORTUNITY IN HIGHER EDUCATION

July 16, 1975

Dr. Charles A. Lyons, Jr.
President

Dr. Milton K. Curry, Jr.
Secretary

Miles Mark Fisher, IV
Executive Secretary

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The National Association For Equal Opportunity In Higher Education represents the historically black colleges and universities of this nation. There are some 107 institutions representing private 2-year and 4-year institutions, public 2-year and 4-year institutions, as well as Graduate and Professional Schools located in fifteen southern states, four northern states and the District of Columbia. These institutions enroll upwards of 200,000 students and graduate more than 30,000 students annually with undergraduate, graduate and professional degrees. Since 1966 these institutions have awarded more than a quarter of a million undergraduate, graduate and professional degrees. They have been the providers of equal educational opporutnity with access, choice and achievement for thousands of their students.

Higher education has been the means by which students from low-income backgrounds have been able to attain upward mobility into the larger society. The historically black colleges represent an existing mechanism that can be improved and used to intensify the positive efforts of equalize opportunity for all students.

Historically black institutions with an overwhelmingly high proportion of low-income students, limited or no endowments, coupled with extraordinarily limited resources, are victims of policies that cater and respond to developments in higher education in general with little or no regard for the strategic and yet peculiar position of black colleges.

The present economic crisis has taken and continues to take its toll upon these institutions. Retrenchments are cutting into real opportunities for these students along with other forces and ideas at work today which seek to undercut, undermine and negate the value of this experience for all students. However, if our society is to be "free" we will continue to need those persons trained in the utilization of those ideas and values that promote this freedom. A democratic society which ideally relies on human beings and responses cannot function at its highest level without free thinking persons.

Committments are falling off at many non historically black institutions. These indicate that black colleges must keep on with what they are about if sizeable numbers of blacks, minorities and other students are to be counted in the educational future of this country.

The status of minorities in this country is still alarming. In 1970 Census, minorities constituted 16.8 percent of the U. S. population, but only 10.6 percent of the postsecondary education enrollment. Of minorities enrolled in postsecondary institutions, only about one-fourth are enrolled in the upper division. Many minority students in community colleges are in terminal occupational programs.

Blacks, while comprising 11.1 percent of the total population, comprise only 6.9 percent of undergraduate enrollment in colleges and universities. Black enrollment in higher education peaked in 1972 and has declined sine that time.

In graduate and professional schools, minority enrollment is disproportionately low-comprising only 5.8 percent of the total enrollment. Blacks as a percent of this figure represent between 3.3 to 4.1 percent.

In spite of these trends, there are those today who would have you think that black colleges are no longer a resource and necessary. They hide behind the following arguments to which we reply:

1. It can no longer be argued that these institutions are necessary to provide minority students with an opportunity for postsecondary education.

   Reply - The other institutions have not shown a willingness to adequately service large numbers of these students. It would probably not even be desirable if such institutions are insensitive to the real needs of these students. It is doubtful whether other institutions would absorb the students who attend black colleges if there were no black colleges.

2. These institutions are becoming increasingly less acceptable to minority students as increased student aid and student support services make better quality education available to them.

   Reply - Black institutions have more students applying for admission than they can accept. They would accept many more if they had the necessary student financial assistance to give them along with the other necessary services and facilities.

3. Since these institutions are of low quality, significant improvement of them is not feasible.

   Reply - To dispel this notion, these schools are accredited by the same agencies that accredit all schools. These institutions must be recognized in their own right as opportunity centers for their students.

4. Support of minority institutions helps perpetuate de facto segregation in higher education.

   Reply - These schools don't deny opportunity to any persons who apply based on race or other discriminatory acts. These institutions have shown the ability to be responsive to all Americans The changes in the border state institutions bear out this point. They have the most integrated faculties in the higher education community.

5. Institutions in general are increasingly trying to recruit and provide services to students traditionally served by the minority institutions. Thus, with integration we no longer need black colleges.

   Reply - Evidence indicates that the day of out-reached arms for blacks at majority white institutions is about over. According to a New York Times survey, this decline in enrollment is due to the recession and an apparent decline in the institution's concern for minorities. Efforts to recruit more blacks and help the disadvantaged stay in school are being curtailed or abandoned at many colleges.

   Because of rising cost, colleges have increased tuitions and reduced student grants and loans. More middle income students are competing with low-income students, largely black, for limited aid. Without aid, many blacks cannot attend college. (New York Times - March 30, 1975)

6. People don't need college degrees any longer, for in the next few years, eighty percent of the jobs won't require a college degree.

   Reply - Blacks still have to be overqualified to receive less than their counterparts. Education represents mobility for blacks in this society. In spite of this, many blacks are still underemployed.

7. Special efforts for black people had had their day. Black people have received too much and therefore need less not.

   Reply - Blacks and other minorities within the societal structure have never been dealt with equitably in the processes at work in society. Recent court suits and policy deliberations in-

> dicate that these efforts may be about over. A disproportionate burden of the present economic crisis is falling upon the blacks of this nation.

The historically black colleges and universities of this nation have made tremendous contributions to our nation and continue to be of vital importance. They have championed the cause of equal opportunity for equality education and have provided this opportunity to those who were denied it or could not afford it; assumed leadership in the development of techniques for overcoming handicaps of the educational disadvantaged; served as custodians of archives of black Americans and as centers for the study of black and the black man's problems and achievements; and developed and expanded programs of educational and occupational retraining for minority adults.

Institutions that enroll upwards of 200,000 students annually and graduate more than 30,000 students annually with baccalaureate, graduate and professional degrees should not be ignored by those who make policy. This trained manpower from these institutions has been a major force in the ability of black Americans to benefit from the lowering of racial barriers in business, industry, and government at the federal, state and local levels and will continue to be so in the future.

The Federal Interagency Committee on Education has called the black colleges a national resource in view of their fostering meaningful participation of blacks in the mainstream of American life.

These historically black institutions have been the major factor in providing meaningful participation of blacks in the mainstream of American life. The following facts support this statement:

- Seventy-five percent of the black officers in the Armed Forced are graduates of these institutions. Without these officers, integration of the Armed Services would be primarily in the lower ranks rather than from sergeant up through the level of general.
- Fifty percent of all the black members in the United States Congress attended or graduated from these institutions.
- Over eighty percent of the black Federal Judges and Supreme Court Justice Thurgood Marshall are products of these institutions.
- Approximately ninety-five percent of the elected black officials in the cities, counties, and states across the South attended and/or graduated from historically black colleges and universities, as well as a significant proportion of those in the entire nation.
- Seventy-five percent of the blacks who hold the highest academic degree, Ph.D., received their baccalaureate degree from the historically black college. The same is true of the black doctors, lawyers, ministers, scholars, educators and businessmen.

A nine year survey has been done on 98 of the 107 colleges. The enrollment trends indicated that there has been a consistent pattern of growth within these institutions. A more significant factor is the information on the degrees granted by these institutions. Some patterns are:

- Total Baccalaureate degrees granted increased from 15,728 in 1966 to 24,469 in 1974. Over the nine year period 189,904 Undergraduate degrees were awarded.

- Total Graduate and Professional Degrees granted increased from 2,158 in 1966 to 5,122 in 1974. Over the nine year period, 34,539 Graduate and Professional degrees were awarded.
- In 1974, 31,102 Undergraduate, graduate and Professional degrees were awarded.

Up to now, information is available only on what is happening in black colleges with regards to the achievement of blacks in higher education.

These institutions continue in their efforts to inspire black aspirations. There are today ever increasing numbers of these youth completing college and entering the job arena equipped to make valuable contributions.

Historically Black Colleges and Universities must continue to have the support ot the Federal Government if they are to keep equal educational opportunity with access, choice and achievement alive for all students.

COMMITTEE ON LABOR AND PUBLIC WELFARE

SUBCOMMITTEE ON EDUCATION

Claiborne Pell (D-R.I.)
Chairman

STATEMENT ON: STUDENT FINANCIAL ASSISTANCE

Presented On Behalf of THE NATIONAL ASSOCIATION

FOR EQUAL OPPORTUNITY IN HIGHER EDUCATION

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STUDENT FINANCIAL ASSISTANCE

In the spirit of the Education Amendments of 1972, the student assistance programs as proposed continue to be necessary in order to assist those students who have need with regard to the participation in the educational experience.

Student financial assistance is very vital to the continued existence of the notion of equal educational opportunity and attainment as well as to the continued existence of many institutions of higher education serving large populations of low-income and needy students. Such institutions depend very greatly upon federal student assistance programs for sizeable amounts of support.

If equal educational opportunity and attainment is to be a reality, one can see the necessity of looking closely at the deliberations in the area of student financial assistance because of the consequences that will occur if policy deliberations are not inclusive of this major concern.

A tiered approach to student financial assistance is necessary to allow the students real options to go with initial access that a program of the Basic Educational Opportunity Grants type will afford many students. A mix of grants, work, loans, cooperative education types should make up this approach. A necessary condition is that all funds in these respective programs be increased to accomodate the expanded enrollments so that no students will be turned away and turned off because of lack of the availability of financial options for the educational experience.

Improvement of existing programs might be in the best interest of higher education at this time.

Emphasis must be placed upon grants and work opportunities with loans as the option of last resort for students.

BASIC EDUCATIONAL OPPORTUNITY GRANTS

This program should be made a true entitlement for its recipients. The amount of the award should be increased to $2,000 to cover the increase in costs that have taken place since the $1,400 amount was instituted in 1972.

With the higher unemployment rate of those students who will become primary recipients due to their socio-economic status, an expected contribution in the amount of $300 - $500 might be too much to expect of this population group.

The concept of the grants should remain the same until such time that a history of delivery is established which bears out the merits of other arrangements.

There should be a built in factor to cover inflation over the future years of the program authorizations.

If the funds are to be spread across four years for both fulltime and halftime students without discrimination as to age, there will be the need to increase the authorization levels of all student assistance programs to more reasonably take into consideration these various facets. Under the BEOG Program, any leftover funds should be carried forth to the following year.

Knowledge of this program must be made available to all eligible students through an intensive advertising of the program. Application forms must be simplified for better results.

Renewable grants might necessitate not having an annual filing process for all students.

The really low-income students with a zero family contribution under any system, can only lose if there is an increase in the number of program eligibles and the funds remain the same.

SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS

The twofold nature of this program is to increase choice of BEOG recipients as well as serve non-BEOG recipients. The idea of exceptional need must be maintained.

Maximum grants should be held at $2,000 with minimum grants at $200. Transferability of 15 percent of funds between Work Study and SEOG Programs should be instituted. The funds should be used with emphasis upon the current year for which the funds were appropriated. New awards should cover a certain percentage of the funding with continuing awards covering the remainder.

The utilization of a common need analysis system will help to conform the program to the same basic standards.

This program should be funded as a minimum at the level of the most recent appropriations for the program in order to make choice a reality. The broad based nature of BEOG's necessitates the need for a varied tier of other programs.

Students participating in the program who are continuing in school should have first claim in the funds to continue their education.

STATE SCHOLARSHIP INCENTIVE GRANTS

This program should be continued at a much higher level to encourage states to continue the support of their programs as well as encourage other states to create such programs. A National Policy of Equal Educational Opportunity with access, choice and achievement must be of prior consideration in such arrangements.

All students should be eligible for whatever the form of the financial award that the states decide to continue or initiate. All students would be apprised of these offerings in order that they might avail themselves of the opportunity.

Consideration should be made for initial grants as well as continuing grants at an adequate level.

There are thirtynine states participating in this Program. Five states and the District of Columbia with historically black colleges and universities are not participating in the program. Thirteen institutions in Alabama, Four in Arkansas, Four in Louisiana and the two branches of Southern University, Twelve in Mississippi, Twelve in North Carolina, and Four in the District of Columbia for a total of fortyeight black colleges and universities that are not the beneficiaries of this program.

COLLEGE WORK STUDY

The College Work Study Program should be continued with the emphasis upon exceptional need. Students participating in this program should be paid the minimum wage for their services. Funds within this program should be increased to take into consideration the fact of graduate student participation as well as undergraduate participation.

This program should be funded as a minimum at the level of the most recent appropriation of 390 million dollars. The broad based nature of BEOG's necessitates the need for a varied tier of other programs.

Funds should be targeted to those students with the greatest need first before providing aid to the less needy.

The transferability of 15 percent of these funds with the Work Study funds should be carried out in this program. Institutions that have limited work experiences might utilize the funds as SEOG grants and those with expanded work experiences might use their SEOG funds.

DIRECT STUDENT LOANS

There is a necessity for keeping the Direct Student Loan program. This program must be kept seperate and distinct from the Guaranteed Loan Program.

Loans should be limited to half of the cost of education over four years. An undergraduate limit should be placed at $6,500.

2.

Interest should be kept low because the majority of students utilizing these loans are from families with income under $7,500. Attitudes of the banking community are not disposed to help these students. These students are probably going to start work with lower salaries and underemployment with the same credentials as their contemporaries. They will not have available at the outset, the resources to deliver seven percent but will more than pay back the investment over time in terms of taxes payed on their salaries and other activities.

Cancellation of these loans should be for inner-city teaching, handicapped, those attending professional schools and the health areas and for community service. This will help to motivate students to continue their education at the graduate levels and thereby offset the underrepresentation in many areas of those persons coming from such backgrounds.

This program should be funded at a minimum level of the most recent appropriations of 300 million dollars. This will further facilitate the making of choice a reality. The broad based nature of BEOG's necessitates the need for a varied tier of other programs.

The transferability of 15 percent of these funds with Work Study, SEOG should be carried out in these programs with transferability to loan the transfer of last resort.

GUARANTEED STUDENT LOANS

The Guaranteed Student Loans are necessary for those who do not qualify for the grants program as well as those whose choice for high cost institutions necessitates their having additional resources. Payment of interest on the loans should be deferred until the completing of the schooling. The loan repayment period should be held to 10 years.

Loans should be looked upon as the source of last resort for many of the students from low-socio-economic backgrounds.

COOPERATIVE EDUCATION

There is a need to increase the authorization for this program. The maximum grants should be raised from $75,000 to $250,000 per program. Authorization of training and research should be increased.

Part-time / halftime students should be included in this program as a means of providing an educationally related work education activity. Alternate programs in keeping with students needs should be given consideration.

Career counseling, counseling services and faculty travel should be built into program cost. Interns should be provided for private industry; and Career Awareness Centers should be established at all participating institutions.

2.

SPECIAL PROGRAMS FOR THE DISADVANTAGED

The programs subsumed under special programs for the disadvantaged, namely: Talent Search, Upward Bound, Special Services and Educational Opportunity Centers should be continued under this general heading.

These programs are consistent with Congress' Statement of National Educational Policy that "reaffirms as a matter of highest priority the Nation's goal of equal educational opportunity in that every citizen is entitled to an education to meet his or her full potential without financial barriers and limited only by the desire to learn and ability to absorb such an education. Our Nation's economic, political and social security demands no less.

The Commission on Financing Postsecondary Education in the United States in its concern with education beyond the high school level dealt with problems of student access, choice, opportunity and achievement, which point to some of the underlying assumptions of these programs.

These programs have made a significant impact on the lives of thousands of young people in this country, many of whom would never have been on a college campus or seen the inside of a building had it not been for the opportunity that these programs have provided for these youth.

Today, we are confronted with some of the most complex educational problems that this Nation has ever faced. It appears that the primary and secondary levels of education are worse now than they were in 1954. The hostility that exists along with the problems of urban living have compounded the situation. The inequities of the system fail to address the standards of exclusion. Qualifications are set to the disadvantage of certain segments of the population. To continue this concept is to exclude disadvantaged people from higher education. Present goals can be reached by realizing that something has to be done to compensate for the disablement of the disadvantaged by this system.

The Upward Bound program is probably more needed now than in the past. It hopefully can pick up "inner city" students and generate skills and motivation. Thousands of students in our large cities have been mangled and crippled intellectually because of the nature of the educational environment. Alternative ways of relating to these students must continue to be explored least we literally consign generations of students to nonexising positions and welfare roles within the body politic of our society. The predicate for the postsecondary experience has not been adequately addressed when students continue to move through the system who cannot read, write, and add at the secondary level.

The Talent Search program is also greatly needed at this time. This program should be amended to include the search for the new "pushout" who is being sent away from our schools for various and sundry reasons in some instances never to return. Much potential leadership is being lost in this situation. College dropouts who are smarting from unsuccessful ventures in an alien environment might also be reclaimed and given a second chance.

The Special Services programs for disadvantaged students in colleges must continue supporting the Upward Bound and Talent Search thrust in colleges. Increased student support programs do not preclude the need for quality programs at the level where they would do the most good. It will take various approaches to tackle the problems of a diverse group of people as we have in this country. What works will depend in many instances upon who is in charge of the works.

As no programs are without their problems, we must be careful not to assume that the consolidation and elimination of programs is the panacea for existing programs. Intangible measures defy assessing in these types of programs because the results in many instances come to fruition in the future. What is caught is sometimes more important than what is taught.

The Educational Opportunity Center should be increased in numbers throughout states in areas most in need of such programs with adequate servicing of clientele in major areas of a state. This programatic effort should seek to reclaim the educationally dibilitated who have been mangled by an insensitive elementary and secondary system which has not adequately served their educational needs.

Additional observations on these programs are as follows:

1. That these programs should be expanded to include more of the needy students who would qualify and to keep abreast of the broadened base of student assistance eligibles.
2. That regionalization of programs may work to the detriment of large numbers of students in rural and outlying areas of the south as well as large numbers of students in the large urban areas.

3. That a commitment should be indicated by the institutions having these programs to accept their own program product as opposed to preparing them to send them somehwere else.

The special programs for students from disadvantaged backgrounds have as their major thrust the preparation and support of students in their quest for the postsecnodary experience. These programs are capable of continued expansion. Maintenance of the status quo in funding means deficits in purchasing power and services. In these programs we will never know the hope that has been generated in the lives of students, the cycles of poverty that have been broken, the lifting of families to new levels of existence.

Funding should be increased upward over the next few years. The stipends should be increased from $30 to $40 in the Upward Bound Programs.

These programs should be continued in the days ahead, refined in their effectiveness, and offered as a bridge over troubled waters to the thousands of qualifying youth in this country.

COST OF ADMINISTRATION OF STUDENT ASSISTANT PROGRAMS

The increase of administrative cost in programs now receiving this money should be from three percent to five percent of Student Aid income from federal resources. Administrative cost should be added for those programs not receiving this money as such. Programs such as BEOG are an additional cost to the institutions as well as the loan programs. These cost should be in addition to what the appropriation levels are for the respective programs. Increasing this cost will provide a wider range of services to the student population.

MINIMUM FUNDING REQUIREMENTS

The Rationale for minimum funding requirements for college based programs are still necessary today. With expanded and increased numbers of students attending postsecondary institutions coupled with unemployment of both parents and their children there will be a run on student assistance programs.

The staircase nature of BEOG's necessitates other resources being available for the students.

While the unemployment rate of youth 18 - 24 years of age is double the national rate, unemployment of minority youth is four to five times as great. Even with veteran's preference the percent of unemployment for minority veterans is about twice that of veterans in general. Investing federal dollars in student aid rather than unemployment compensation for black students would be of greater long-range benefit to this society.

Investing in student assistance provides an opportunity for thousands of minority students to participate in postsecondary education. Without this assistance the future mix of persons holding earned degrees at all levels and who are thus able to participate in the total society at a high level is endangered.

ACE/UCLA COOPERATIVE INSTITUTIONAL RESEARCH PROGRAM
FALL 1974
WEIGHTED NATIONAL NORMS FOR ALL FRESHMEN

ESTIMATED PARENTAL INCOME

Estimated Parental Income	All Institutions	All 2 Year Colleges	All 4 Year Colleges	All Universities	Predominantly Black Colleges
Less than $3,000	3.4	4.5	3.2	1.8	15.6
$3,000 - $3,999	2.6	3.3	2.7	1.4	12.4
$4,000 - $5,999	4.6	5.5	4.8	2.8	14.7
$6,000 - $7,999	5.7	6.8	5.5	4.1	13.4
$8,000 - $9,999	8.0	9.4	7.5	6.2	11.9
	24. %				68%
$10,000 - $12,499	15.5	17.4	14.6	13.7	10.9
$12,500 - $14,999	13.5	14.6	12.7	12.9	6.2
$15,000 - $19,999	16.6	15.7	16.7	17.8	6.5
$20,000 - $24,999	12.0	10.4	12.2	14.2	3.6
$25,000 - $29,999	5.9	4.5	6.3	7.7	1.9
$30,000 - $34,999	3.9	2.7	4.4	5.2	1.2
$35,000 - $39,999	2.4	1.6	2.7	3.2	0.7
$40,000 - $49,999	2.2	1.3	2.4	3.2	0.6
$50,000 or more	3.8	2.3	4.3	5.8	0.5
	75.8%				32.1%

ELIGIBLES BASED ON NON-AGE DISCRIMINATION

18 to 24 Years Old

1973

	BLACK	WHITE	TOTAL
BOTH SEXES			
Total persons 18 to 24 years	3,114	21,766	24,880
Number enrolled in college	498	5,438	5,936
Percent of total	16	25	24
MALE			
Total persons 18 to 24 years	1,434	10,511	11,945
Number enrolled in college	266	3,032	3,298
Percent of total	19	29	27
FEMALE			
Total persons 18 to 24 years	1,681	11,255	12,936
Number enrolled in college	231	2,406	2,637
Percent of total	14	21	20

Distribution of Families by Income in 1973

(Adjusted for price changes in 1973 dollars. Families as of the following year)

INCOME	NEGRO	WHITE
Number of families.........thousands	5,440	48,919
Percent	100%	100%
Under $3,000	16	5
$3,000 to $4,999	18	8
$5,000 to $6,999	14	9
$7,000 to $9,999	17	15
Percent	65%	36%
$10,000 to $11,999	9	11
$12,000 to $14,999	10	15
$15,000 and over	16	38
Percent	35%	64%
Median Income	$7,269	$12,595

ATTACHMENT 4

CAMPUS BASED STUDENT ASSISTANCE PROGRAMS AT HISTORICALLY BLACK COLLEGES AND UNIVERSITIES

PROGRAM	1972-73	1973-74	1974-75	1975-76
BOG/SEOG	$ 23,768,307	$ 22,796,248	$ 25,860,400	$ 22,617,442
CWS	30,365,725	26,687,677	25,357,404	24,063,679
NDSL/DSL	18,903,336	19,099,967	17,229,603	15,284,728
TOTAL	73,037,368	68,583,892	68,447,407	61,965,849

COMMITTEE ON LABOR AND PUBLIC WELFARE

SUBCOMMITTEE ON EDUCATION

Claiborne Pell (D-R.I.)
Chairman

STATEMENT ON: STRENGTHENING DEVELOPING INSTITUTIONS

Presented On Behalf of THE NATIONAL ASSOCIATION

FOR EQUAL OPPORTUNITY IN HIGHER EDUCATION

July 16, 1975

Dr. Charles A. Lyons, Jr.
President

Dr. Milton K. Curry, Jr.
Secretary

Miles Mark Fisher, IV
Executive Secretary

The Strengthening Developing Institutions Program has been one of the most far sighted ventures of the Federal Government. Since its inception, this program has supported those institutions that have provided and continue to provide genuine opportunity for large numbers of students from disadvantaged and low-income backgrounds.

The Education Amendments of 1972 Authorized . . . .

> "The Commissioner to carry out a program of special assistance to strengthen the academic quality of developing institutions which have the desire and potential to make a substantial contribution to the higher education resources of the Nation but which are struggling for survival and are isolated from the main currents of academic life."

In the Annual Report on Developing Institutions -

"These institutions are varied in their locations, offerings, organization, financial support, and in their needs. They are similar in their socio-economic disadvantaged clientele, their inability to strengthen themselves, and in their desire to assume a truly competive position in the higher education community."

In serving large proportions of disadvantaged and minority students with potential, these institutions have numbered among their ranks - black, white, native Americans, Spanish Speaking and others. Though opportunities have supposedly opened to such populations in nondeveloping institutions, these students still are served in large numbers by these schools. Recent articles in the media indicate that the inclusion of sizeable numbers of these students in traditional institutions is about over. If there were no developing institutions these students would have limited opportunities to continue their educational development.

Since the 1972 Amendments there has been a change in the Developing Institution's Program. Begining in Fiscal year 1973, this program has been administratively subdivided into two programs, namely, The Basic Institutional Development Program and the Advanced Institutional Development Program.

The Basic Program provides grants to institutions to continue emphasizing the development of strengths in five principal categories of institutional support, namely: Administrative Improvement, faculty development, curriculum development, student services and development. This program attempts to narrow the gap between weaker or less developed institutions and stronger or more developed institutions. This program has been a springboard in the development of many institutions.

The Advanced Institutional Development Program represents the new thrust to encourage the accelerated development of fewer institutions with larger grants than had previously been awarded. These grants are spread over a period of three to five years. This program represents a major effort in total development with the idea that from the existing pool of qualified and eligible institutions some are more advanced in their development than others.

Without a doubt the Strengthening Developing Institutions Program has been one of the most helpful programs for the historically black colleges and universities of the nation. These institutions are consistent with the stated purposes of the program. After Student Assistance this program is the second largest source of

Federal support to these institutions. With the aid of past and current support under this program, the Black colleges have acquired significant forward momentum in providing successful educational experiences for vast numbers of black disadvantaged and low-income students.

The Federal Interagency Committee on Education has viewed these colleges as a National Resource. These institutions and their clientele indeed represent one of our nations most valuable potential resources. Their student bodies, faculties, physical plants, and other assets offer such potential for continuing contributions to this nation. Economics dictates our protecting this resource.

In keeping with the need for maintaining diversity in American Higher Education, these institutions must be given the opportunity to develop in their own way so that, whatever the representative populations they serve, they can stand on their own merits. Equality can be attained through diversity as opposed to homogenization.

Some positive aspects of this program have been as follows: The predominately black colleges and universities and similarly situated institutions have been greatly enhanced, junior colleges have been helped, low-income students have benefitted from the programs, arrangements have been established by institutions that would not have been possible otherwise, constructive and innovative programs have been established, curriculum offerings have been broadened, and increased faculty support along with the benefits of these Professor emeriti provisions.

Excerpts from a survey of the historically black colleges and universities that are participating in the Developing Institution Programs under the Basic and Advanced Institutional Development programs are provided so that further insight might be gained as to the positive impact that this program has had and is having on the respective campuses.

The following excerpts are from institutions participating in the Basic Institutional Development Program:

GENERAL

"Every facet of the institution's program has felt the impact of Title III funds. These include the following: curriculum, administrative structure and services, Student Personnel Services, Faculty Improvement and Development, and Fiscal Affairs. This program has been a constructive force for postive change."

"The university stands in a more favorable competitive position with regard to faculty strengths, student services, and administrative strengths than it did prior to obtaining Title III funds."

"The support received has significantly improved the institution's ability to initiate programs in student and administrative services, and has contributed substantially in curriculum development, and staff professional development."

"The Basic Institutional Development Program did supplement the universities resources to more adequately implement the programs designed to meet the needs of the students. It also caused the faculty and administration to examine more closely the mission of the university and the quality of services it rendered."

STUDENTS

"Title III funding has enabled us to turn a barely surviving college into a new, vital, and growing institution. In the five years enrollment has increased 120% from 555 in the Fall of 70-71 to 1,233 in the Fall of 74-75. This increase is indicative of the rising contribution of the college to the community."

"The student service activities (counseling, placement, and cooperative education) have provided invaluable support for the academic program."

FACULTY

"Assisted in increasing the numbers of doctorates from 10% to 33% since 1967 through Faculty Development Programs."

"The percentage of faculty with terminal degrees increased from 30% in 1968 to 42% by 1974."

"During the crisis of faculty recruiting to have more white faculty, funds were used to help meet the Federal Court order to provide for a "white presence" on the campus."

CURRICULUM

"Programs in curriculum innovations have permitted the university to devise new methods for teaching students from disadvantaged backgrounds."

"Title III has stimulated a dynamic curriculum development program which in turn has attracted top quality faculty who wished to be associated with innovative curricula."

SERVICES

"Support received was instrumented in the establishment of Office of Development, Office of Institutional Research, Office of Career Planning and Placemen, and Counseling Centers."

"Provided support for critical equipment, materials and personnel in establishing Developmental Skills Center."

COOPERATIVE ARRANGEMENTS

"Various cooperative arrangements made possible by BIDP have enabled the college to make considerable progress in developing and implementing a long range plan."

RESEARCH

"The institutional Research Office has developed from its meager beginning to one of the most important and productive offices on campus."

ACCREDITATION

"Accreditation has been reaffirmed by the Southern Association of Colleges and Schools and by the Texas Education Agency."

"The schools of Nursing and Engineering have received some spin off benefits from the BIDP program to help them become accredited by their National Accrediting Associations."

The Advanced Institutional Development Program is too new to evaluate at this time. However, those institutions that are participating in this program indicate several interesting considerations resulting from this program.

SERVICE

"The AIDP program has continued to provide services in the areas of Faculty Development, Administrative Improvement and Student Services as well as Remediation, Curriculum Planning and Development, and Institutional Planning, Management and Evaluation."

"The AIDP program has promise of improving the services to academically disadvantaged students in the areas of peer counseling, clinical instructions in reading, writing and mathmatics, community outreach, as well as program management and evaluation."

PLANNING

"The primary impact of AIDP, however, has been upon the Institution's planning capability. The guarantee of program support over a five-year period enables the college to more effectively project into the plan for the future."

"Guaranteed Funding over a five-year period provides program stability which was impossible when a new application for funding was required each year."

NEW PROGRAMS

"AIDP has allowed for introduction into the curriculum new academic programs which otherwise would have been delayed for financial reasons. Other academic areas have been able to expand at a more rapid pace than would otherwise have been possible."

These excerpts express in part the tremendous impact for good that the Strengthening Developing Institutions Program continues to have on the campuses of the historically black colleges and universities as well as those similarly situated institutions.

2.

Concern should be made to the long-range needs of these developing institutions which are a national resource and provide an irreplaceable service to American higher education and the nation.

Some major unmet needs which justify the continuation of Strengthening Developing Institutions funding are as follows:

- The need to increase enrollments out ot the available pool of students,
- The need to increase the number of graduates from these institutions,
- The need to continue the curricula changes and enrichment necessary to keep abreast of changing priorities within the institutions, the local community, the state, and the nation,
- The need to continue upgrading faculty members and Administrative personnel,
- The need for upgrading Recruitment Offices, Development Offices, Placement Offices, Fiscal Management and overall Administrative effectiveness.
- The need to prepare for new markets of students - part-time, halftime, Adults, aged, and the like as well as weekenders.
- The need to bolster the institutional research capability as well as the overall research capacity.
- The need to train new personnel for positions with a high degree of turnover within the institutions.
- The need to replace those persons that have been developed so well within the developing institutions that developed institutions readily seek their services.
- The need to increase the articulation of undergraduates with graduate and professional institutions through cooperative arrangements and exchange of faculty and students.
- The need to address international issues with developing nations such as providing Technical

assistance for developing food resources, management and technology.

- The need to address national problem areas such as unemployment, human power needs, health care, energy, urban problems, education housing, community development and public service from a fresh perspective.
- The need for continued Technical Assistance to these colleges to insure their continued upward development.

This list of unmet needs is by no means exhaustive of those areas that must be supported over time to guarantee that there be true representation of blacks, minorities, and low-income populations at all levels of educational activity within this nation.

RECOMMENDATIONS FOR THE STRENGTHENING DEVELOPMENT INSTITUTIONS PROGRAMS ARE AS FOLLOWS:

1. The Program should be continued as is with minimum changes in the Basic and Advanced Institutions Subparts of the Program.
2. The Basic Institutional Development Program should be continued with a minimum funding requirement of sixty million dollars.
3. The Advanced Institutional Development Program should be continued with a minimum funding requirement of sixty million dollars.
4. The major emphasis should continue to be those institutions that serve large populations of disadvantaged, minority and low-income students.
5. The best interest of these institutions will be protected if the operational side of this program is maintained at the National level rather than decentralizing it.
6. The four-year - two-year percentage designation on level of funds should be continued at the present 76 percent for four-year institutions and 24 percent for two-year institutions.

7. The Developing Institutions should continue to be given the matching waiver in the following Programs:

    - College Library Assistance Program
    - College Library Training and Research Program
    - Talent Search
    - Upward Bound
    - Special Service for the Disadvantaged Students
    - Educational Opportunity Centers Programs
    - College Work Study
    - Cooperative Education Programs
    - National Direct Student Loan Program
    - Financial Assistance for Improvement of Undergraduate Institutions, and
    - Construction of Academic Facilities.

8. The indirect cost provision should be reconsidered as a part of these programs.

9. The replacement of funds feature in the Advanced Institutions Development Program Regulations should be reconsidered in view of the economic crisis and its impact upon these institutions.

10. The funds should be permitted to be used to set up endowments in these institutions as well as to allow institutions to seek other support.

11. The Program should take into consideration the small number of yet unaccredited black colleges that need this support to move toward their accreditation.

12. The consideration of increased levels of authorization for the Developing Institutions Program at 140 million for FY 77, 160 million for FY 78, 180 million for FY 79, and 200 million for FY 80.

"There exists an unquestionable need for Federal assistance to these developing institutions from several points of view - the overall current financial pressures in higher education; the particular needs of developing colleges to raise their academic quality; the costly special services these schools must provide to their predominantly disadvantaged and minority clientele; and the necessity to provide equal access to higher education to all segments of our society.

2.

The inflation/recession syndrome has forced colleges to operate in a deficit, curtail certain services, raise tuitions and utilize their endowments. Peculiar to these institutions with limited endowments and with limited access to other Federal resources is the need for continuation of institutional assistance as provided by such a program as this.

While there has been a strong thrust for student financial assistance, institutional support of this type is necessary to help develop quality educational environments necessary for such students. These institutions have provided the opportunity for meaningful participation by thousands of persons in mainstream American Society. They at present can not service all of the students who desire this opportunity due to limited resources. Their record of productivity of degreed persons cannot be matched with regards to the population that they serve. As a national resource these institutions must continue to be supported and given full consideration in matters of policy and decision making as pertains to postsecondary education.

Meaningful academic pursuits fostering excellence in scholarship and preparation must not be sacrified for those options that lead nowhere. Blacks and other minorities must be prepared at these institutions so that they can work out the options that are in the best interest of maximizing their potential over the forty to fifty years of their work life. Forty to fifty years of aimless misery is too long a time to be at the mercy of a technological society.

The Federal commitment to developing institutions must continue if they are to provide quality access to a higher education for all deserving students.

ATTACHMENT 1

STRENGTHENING DEVELOPING INSTITUTIONS

PROGRAM AUTHORIZATIONS AND APPROPRIATIONS FROM FY 1966 - FY 1975

(In Thousands Of Dollars)

FISCAL YEAR	FUNDS AUTHORIZED	FUNDS APPROPRIATED	DIFFERENCE
1966	$ 55,000	$ 5,000	$ 50,000
1967	30,000	30,000	0
1968	55,000	30,000	25,000
1969	35,000	30,000	5,000
1970	70,000	30,000	40,000
1971	91,000	33,850	57,150
1972	91,000	51,850	39,150
1973	120,000	87,350	32,650
1974	120,000	99,992	20,008
1975	120,000	110,000	10,000
TOTALS	$ 787,000	$ 508,042	$ 278,958

ATTACHMENT 2

STRENGTHENING DEVELOPING INSTITUTIONS PROGRAMS

FISCAL YEAR	INSTITUTIONAL REQUESTS [1]	FUNDS APPROPRIATED	FUNDS AUTHORIZED
1966	32,250	5,000	55,000
1967	56,792	30,000	30,000
1968	113,925	30,000	55,000
1969	95,187	30,000	35,000
1970	85,434	30,000	70,000
1971	105,048	33,850	91,000
1972	143,000	51,850	91,000
1973	556,645	87,350	120,000
	(220,000)	(51,850)	BASIC
	(336,645)	(35,000)	ADVANCED
1974	595,280	99,992	120,000
	(194,892)	(51,992)	BASIC
	(400,388)	(48,000)	ADVANCED
1975	471,367	110,000	120,000
	(221,645)	(52,000)	BASIC
	(249,722) [2]	(58,000)	ADVANCED
TOTAL	2,254,928	508,042	787,000
	(1,268,173)	(366,542)	BASIC
	(986,755)	(141,500)	ADVANCED

[1] Based on the institutional requests limited funds dicate the funding of programs at less than their approvable levels.

[2] This figure does not include the amounts for approximately sixty-three supplemental proposals.

ATTACHMENT 3

TITLE III, STRENGTHENING DEVELOPING INSTITUTIONS

FUNDS AWARDED TO PREDOMINANTLY BLACK INSTITUTIONS - 1966-1976

YEAR	NUMBER OF INSTIT.	PERCENT OF INSTIT.	TOTAL AMOUNT FUNDED	PERCENT OF TOTAL FUNDS	AVERAGE GRANT	NUMBER OF NTF's	NUMBER OF PE's
1966	43	34%	$ 3,054,551	61%	$89,839	--	--
1967	76	18%	12,058,011	40%	158,658	--	--
1968	74	34%	14,131,127	47%	190,961	266	--
1969	79	34%	15,828,500	53%	200,361	260	--
1970	84	37%	17,013,688	57%	201,192	270	33
1971	89	44.9%	19,841,925	58.6%	222,942	218	29
1972	96	42.0%	30,994,100	59.7%	326,253	217	51
1973-B	98	41.7%	30,658,320	59.1%	312,840	125	29
1973-A	13	46.4%	23,380,000	65.9%	1,798,461	--	--
1974-B	67	31.2%	29,620,000	57.0%	442,089	299	41
1974-A	18	30.0%	29,075,000	60.6%	1,615,277	--	--

A - Advanced Institutional Development Program (1973 - 1st year of funding)
B - Basic Institutional Development Program

RM:le
7/24/74

ATTACHMENT 4

TITLE III, HIGHER EDUCATION ACT OF 1965
STRENGTHENING DEVELOPING INSTITUTIONS
BASIC INSTITUTIONAL DEVELOPMENT PROGRAM

Selected Data on Participants, Fiscal Years 1966-1974

	1966	1967	1968	1969	1970	1971	1972	1973	1974
Funds Appropriated and Obligated (In thousands)	$ 5,000	$30,000	$30,000	$30,000	[illegible]	$33,850	$51,850	$51,850	$51,992
Funds Requested by Institutions (In thousands)	$32,250	$56,792	$113,925	$95,187	$85,434	$105,048	$143,000	$220,000	$198,000
Number of Proposals Submitted	310	560	500	464	433	441	456	470	511
Number of Grantee Developing Institutions	(127)	(411)	(220)	(229)	(227)	(198)	(226)	(235)	(215)
Number of Non-Grantee Participating Developing Institutions	(31)	(55)	(148)	(186)	(215)	(307)	(330)	(232)	(139)
Total Developing Institutions Benefiting from Title III	158	466	368	415	442	505	556	467	354
Assisting Institutions	66	168	131	142	156	151	185	181	163
Assisting Agencies and Businesses	9	53	28	47	51	53	101	134	178
National Teaching Fellowships	263	1,514	727	655	649	541	635	354	524
Professors Emeriti	-	-	-	-	56	64	73	45	59
Geographical Representation of Grantees--Number of States and Outlying Areas	39	50	48	48	48	43	46	46	50

COMMITTEE ON LABOR AND PUBLIC WELFARE

SUBCOMMITTEE ON EDUCATION

Claiborne Pell (D-R.I.)
Chairman

STATEMENT ON: OTHER HIGHER EDUCATION PROGRAMS

Presented On Behalf of THE NATIONAL ASSOCIATION

FOR EQUAL OPPORTUNITY IN HIGHER EDUCATION

July 16, 1975

Dr. Charles A. Lyons, Jr.
President

Dr. Milton K. Curry, Jr.
Secretary

Miles Mark Fisher, IV
Executive Secretary

4 of 4

OTHER HIGHER EDUCATION PROGRAMS

There are programs other than Student Financial Assistance and Strengthening Developing Institutions Program that are of importance to the historically black colleges and universities of this nation. Pronouncements of programatic policy at the Federal level are necessary to insure that these institutions remain a national resource through participation and sharing in the allocation of resources necessary to do a quality job for all students.

Some of these programs are as follows:

Cost of Education Allowances .... p. 2
Endowment .... p. 3
Facilities and Housing .... p. 4
Libraries .... p. 5
Undergraduate Equipment .... p. 5
Education Professions Development .... p. 6
Counseling .... p. 6
Research .... p. 6
1890 Land Grant Colleges .... p. 7
Graduate Programs and Fellowships .... p. 7
Recommendations for Black Graduate Schools ..... p. 9
National Center for Educational Statistics p.10
National Institute of Education p.11

COST OF EDUCATION ALLOWANCES

Cost of Education Allowances were included as a part of the authorizations of the Education Amendments of 1972. These allowances have yet to be funded.

Higher education has as a part of its mission to reclaim the educationally mangled victims of the elementary and secondary system. Those persons should be assisted in maximizing their potential and developing useful lives. This disability is not limited to black and minorities but many major universities are complaining about the level of skills that students in general are bringing to the campuses. This repair of students will cost additional funds which must be gotten from somewhere.

Increased costs in salaries, fuel, utilities, labor, services, operational expenses, higher interest rates and rehabilitation and expansion of physical plants are of particular concern to these institutions. Attempts by institutions to increase their charges to students in order to recover their inflationary loses are disasterous to schools serving large populations of low-income persons. Higher fees would price out of the market the very students that these institutions seek to serve.

Cost of education allowances should be available for institutions to enable them to maintain quality institutions for these students. Tuition and other expenses are only partial payments on the true cost of education. Therefore, a cost of education programs would be in order.

The Federal Government is the only hope for providing this assistance. Fundable Cost of Education Allowances should be authorized.

ENDOWMENT

The area of endowment is an area of need at the historically black colleges and universities. Statistics indicate that about five institutions in the country hold nearly 25 percent of all endowment assets; and that 84 percent of such holdings are concentrated in private institutions. Developing Institutions hold only a little more than one percent of the nations total endowment assets.

Federal programs should assist developing institutions in establishing and maintaining endowment funds so that they can reach a stage of self-sufficiency.

Large sum endowment grants should be given to each of the colleges and universities as a base for operating expenses in the light of their needs with flexibility in the use of such resources.

The College Endowment Funding Plan should be considered and supported as a viable way to provide endowment funds to institutions of higher education. "It is an institutional aid mechanism not previously used which, however, relies on monetary and investment procedures currently in operation. The plan recognizes the needs of colleges and universities for basic current support and for providing for the future and has as its goal the creation of a level of endowment able to provide a substantial part of their revenues. It is endowment that, by becoming a significant part of the income of institutions can help them meet current and future revenue needs, in view of the forces that affect the level and growth rate of their expenditures."

FACILITIES AND HOUSING

Academic facilities and housing are in need of renovation and rehabilitation on many of the college campuses. During the present economic crisis the deferring of these items cannot go on indefinitely. There is the need to make these buildings energy efficient, useable for new curricula directions as well as converting obsolete and substandard buildings.

Funds should be available to enable these institutions to go forward with the necessary programs that will enhance their facilities. Teaching facilities should be upgraded through support of programs dealing with educational technology, computer systems, video tapes systems, and current ideas in the field of education, library facilities should be expanded or replaced, communications centers, health related facilities and other necessary buildings should be added.

Federal resources must be provided in terms of grants, loans and interest subsidies. Multi-year funds should be provided for new starts and renovations over and beyond a loan subsidy approach along with construction grants. Undergraduate as well as graduate facilities should be taken into account in these efforts.

LIBRARIES

Support of the Library programs must be continued. Library holdings are an important facet of the accreditation process that institutions must undergo to keep their accredited status updated. This support though not significant as it should be is necessary for those institutions that need to replace wornout and loss holdings and add the latest offerings to their holdings.

Libraries are a basic tool of the institutions of higher education. The continuing knowledge explosion coupled with new trends in media technology make demands upon this service that must continue to be supported.

UNDERGRADUATE EQUIPMENT

These colleges need funds to acquire equipment in order to facilitate optimal returns for the educational dollar. In some instances replacement with updated equipment is required. In other cases new types of supplies and equipment are required. Instructional and non-instructional equipment is needed by these institutions. The former encompasses needs related to sciences, communications, and audio-visual instruction. The latter includes maintenance, physical plant, and other such allied functions on campuses.

Authorizations for equipment should be increased i.e. grants to instructions for new equipment to establish new programs and to replace old equipment. Provisions should be made for fully equipped communications centers.

EDUCATION PROFESSIONS DEVELOPMENT

This program should be continued with priority on retraining of personnel as well as upgrading personnel within institutions of higher education. Education administrators, Student Aid Personnel, Management Information Specialists and other critical personnel should be included in this reauthorization.

COUNSELING

Counseling programs should be provided for in the new legislation. A twofold thrust is needed in this area, namely: High School Counseling with a college orientation or postsecondary orientation and College Counseling with a supportive orientation while a student in college and graduate and professional or a work orientation beyond college.

This counseling is necessary because of the types of students who are embarking upon the academic experience. Many of them are first generation students whose parents do not have the wherewithal to adequately advise them as to the direction they should be moving in their educational pursuits.

High School guidance and counseling programs should have a greater role to play in preparing students for postsecondary educational experience.

RESEARCH

Funds should be made available to developing institutions to strengthen their research capabilities, both institutionally and overall.

Black colleges have not been included in many of the research with development areas partly because of the historic neglect which passed them over during the area of equipment grants to the colleges and universities and also because of agency relationship about who works on what research areas.

There are areas that black colleges have the abilities to carry out extensive research which might have the result of setting forth a fresh approach to some of the real problems and issues that confront this society at this critical junction in history.

1890 LAND GRANT COLLEGES

A continuation of support and designation for the 1890 Land Grant Colleges must be maintained on behalf of those institutions. Competitive programs cannot substitute for grants to these institutions that make a difference in the overall operation. In comparison to larger institutions these grants might seem small but to these institutions they are of significance.

Legislation to repeal this act should not be carried out.

GRADUATE PROGRAMS AND FELLOWSHIPS

Graduate Support should be provided for blacks, other minorities and women. The myth of the oversupply of trained

Graduate and Professional persons does not apply particularly to blacks and other minority groups. The underrepresentation of these groups will never be rectified until the Federal Government makes this one of its special priorities and considers this as a special purpose programmatic effort.

The thrust for Affirmative Action will be in part empty and meaningless without the preparation of an adequate pool of persons who are qualitatively ready to take their rightful place in the ranks of academia.

Institutions that say we can't find persons should be asking themselves the question - How many have we prepared? The question has not been addressed head on.

Graduate programs in the hard sciences, professional development in the health areas and in law should be encouraged.

Recent statistics on the black doctorates for 1973 show about nine percent in Engineering, math and physics, nine percent - life sciences, four percent - phychology, seven percent - social sciences, nine percent - arts and humanities, fiftynine percent - education and three percent - other. The tendency has been toward overrrepresentation in the area of Education.

Excepting the field of Arts and Humanities where percentage wise the orientals were lower in percent than the blacks, Education was the only field that blacks had a larger percentage of doctorates than all of the racial or ethnic backgrounds which included white, Spanish-Americans, American Indians and orientals.

RECOMMENDATIONS FOR BLACK GRADUATE SCHOOLS

The following list of recommendations is proposed as a means of assisting the Historically Black Colleges and Universities with their Graduate Programs:

1. There should be an increase in support in the Financial Aid Programs in order that Graduate students will be eligible for participation in these programs. Funds should be targeted in the Direct Loan Program, College Work Study, Graduate Assistantships and Traineeships to allow a greater participation.
2. Resources should be provided to upgrade, renovate and build facilities to enhance the programmatic efforts in these institutions. During the late '60s, and early '70s when funds were available to build facilities, these institutions were bypassed. This needs to be rectified for the future.
3. Resources should be provided to replace and buy equipment for enhancement of the programmatic efforts of these institutions.
4. New legislation should be passed that addresses the problem of Graduate Programs at Black Colleges, such as the NSF Traineeship Program, Science Improvement Program and the like.
5. Non-U.S.O.E. agencies such as the National Endowment of Arts and Humanities, the National Science Foundation and others should be encouraged to bring these institutions into a fuller partnership with the other institutions as pertains to the receiving of resources.
6. Sheltered programs can be set forth within various Department and Agencies that address the peculiar problems of these institutions. There is no oversupply of trained, degreed persons at the Graduate and Professional level and this should not be lost sightof in the present deliberations.
7. Cooperative arrangements with non-black graduate schools might be an option to insure that students will have the best of both worlds in their academic experiences.

8. Institutional support in the form of cost of education allowances should be made available to these institutions that have a history of doing a job with a particular clientele.

9. Coordination of international relationships with an educational emphasis should be facilitated. Witness the thrust by foreign countries to have their students attend American institutions as well as the request by foreign governments to receive technical assistance from the education intelligentsia of this country. Black colleges have a role to play in these efforts.

10. In the area of teacher-training, there is still a vital role for these institutions to play. Despite the attempts to "turn off" this effort in these institutions, as long as there are blacks in this country, there will be the need to train personnel to service their educational needs. If we don't venture in this area, who will coopt the minds of the black youth for the future.

11. These institutions should be provided the resources to insure that the desegregation of education both at the elementary, secondary and higher education levels will be done with an adequate pool of persons who have been prepared to facilitate such arrangements.

12. The Federal Government should assume the overall responsibility for enhancing and fostering excellence at these graduate schools of learning. Commitment of resources, both human and material are necessary to accomplish this end. A diversity of educated persons is necessary to cope with the future problems of this nation if there are to be viable solutions.

NATIONAL CENTER FOR EDUCATIONAL STATISTICS

The National Center for Educational Statistics should be empowered to collect data by all of the measures that are necessary in order that we might have a baseline of information against which future comparisons can be made as to relative progress that is being made in this country by the diverse groups that are here represented. Somethings that need to be known can only be known if the Congress Mandates this data.

A distinction should be made as to the request for certain data and discrimination per se.

The Office of Civil Rights in addition to collecting data on enrollment should also collect data on the graduates from each of these various groups at the various institutions.

There is a need for concrete evidence to assess what is really going on in the higher education community.

NATIONAL INSTITUTE OF EDUCATION

The National Institute of Education should be supported. The past few years has raised great concern about the uses of research in the making of national policy. Policy implications of the research of improperly designed or inadequately concluded can work to the detriment of those in our society who are less able to speak for their interest.

A monitoring system subject to Congressional Review that protects the educational rights of minorities as pertains to research, policy and other considerations that come from this segment of the Federal Educational Hierarchy must be provided for at this time.

Questions such as - Who asks the questions? Who structures the design? What are the results? How will the funding be used? are critical questions upon which hang the future of blacks and other minorities in higher education.

A LIST OF HISTORICALLY BLACK COLLEGES AND UNIVERSITIES WITH GRADUATE PROGRAMS

1. Alabama A&M University
2. Alabama State University
3. Albany State College
4. Atlanta University
5. Bowie State College
6. Cheyney State College
7. Coppin State College
8. Federal City College
9. Fisk University
10. Florida A&M University
11. Fort Valley State College
12. Hampton Institute
13. Howard University
14. Interdenominational Theological Center
15. Kentucky State University
16. Lincoln University (Mo.)
17. Meharry Medical College
18. Morgan State College
19. North Carolina A&T State University
20. North Carolina Central University
21. Prairie View A&M College
22. Savannah State College
23. South Carolina State College
24. Southern University (Baton, Rouge)
25. Tennessee State University
26. Texas Southern University
27. Tuskegee Institute
28. Virginia State College
29. Virginia Union University
30. Xavier University

Senator PELL. Our final witness today is Julia Jacobsen of the Council of Independent Colleges of Virginia.

STATEMENT OF JULIA M. JACOBSEN ON BEHALF OF THE TRI-COLLEGE CENTER OF VIRGINIA AND COUNCIL OF INDEPENDENT COLLEGES OF VIRGINIA

Ms. JACOBSEN. Thank you Senator Pell.

I will try to break all records for brevity.

I am Julia Jacobsen and I am coordinator of government relations for Lynchburg College, Randolph-Macon Woman's College and Sweet Briar College in Virginia, and representing the Council of Independent Colleges of Virginia.

Our concern with title 1 of the higher education amendments, in no way indicates that our private institutions are less concerned with the need for financial aid provided under various grant and loan programs, particularly the basic education opportunity grant.

We do recognize that the future is going to change the character of the student bodies we have traditionally educated, and we feel that the continuing educational programs in this country will need to have a broader mandate under the legislation.

I have submitted a detailed statement for the record. I will make a brief summary of my major points.

We recommend a broad mandate for title I that will bring several programs of the Office of Education under one administrative unit.

We believe that this action will make use of the information that has been gained and the experience that has been tested through environmental education, drug education and the programs under the Community Service and the Continuing Education Office.

I would also include some elements of the Education Professions Development Act when we address the problem of continuing education of teachers.

Further, there needs to be some provision in the legislation to assure the use of existing facilities instead of needlessly creating new ones. The public, private, community colleges, the larger universities and our undergraduate colleges could cooperate and provide a network to offer the needed continuing education of the future.

I saw some interesting statistics not long ago indicating that in 1984, after experiencing a drop in the 18- to 21-year-old population, some 35 percent of the remaining group will come from the disadvantaged and minority backgrounds.

I think we must recognize this changed student population that we are going to address our educational programs to in the future.

Emphasis in the past has been placed on full-time enrollment. This emphasis is being carried out in other provisions of the Higher Education Act, including the provisions under titles VI and VII for construction and equipment.

We would urge a change in these provisions to eliminate criteria that is based on increased enrollment of the full-time student. We have referred to this provision as the "square head per square foot count" when we filled out the forms for construction and equipment grants; and it does not make sense today.

I do not think there is a private institution that can seriously project a large enough increase in enrollment to meet the provisions of this part of the act.

We desperately need support to renovate and improve our facilities and to acquire equipment if we are going to train people for different kinds of occupations in the future.

I will let my statement rest with this summary and be glad to answer any questions you have.

Senator PELL. Thank you very much indeed.

I was just curious as to what your definition of a part-time student might be.

As the law stands a part-time student is eligible for basic grants.

How many credits a year do you think a person should have to take in order to meet that standard?

Ms. JACOBSEN. I think it is difficult to put a limit on what I feel the part-time student credit should be, how it should be calculated in terms of credit hours.

There are so many different bases for offering credit today that I think our old system of hours really does not pertain here. Also I think that these nontraditional students that will be in continuing education programs are the ones that we will have to contend with; and I would submit that the grant programs under the Higher Education Act should be offered to these students.

I have no firm suggestion as to the number of hours that constitutes part time, but I think the nontraditional program that is not credit-oriented should be opened in the future for Federal student aid.

Senator PELL. What would be the definition of what constitutes a part-time student, yet still eligible for basic grant?

Ms. JACOBSEN. I think from the practical standpoint today it should be half-time.

Senator PELL. Half-time?

Ms. JACOBSEN. I suppose you would have to come to some terms in equivalent of hours put in, whether it is done in the traditional format of a class meeting 3 days a week or some other system.

We have had experience with continuing education programs that met different times and places. They might meet for a full day or 2 full days, once a month or every 6 weeks. I would say intense educational experience in this kind of program was equal to one 3-hour course in a term. I cannot foresee that we are going to have as many students in the traditional credit program. I think we have to look and expand our educational efforts for the adult part-time learner.

Senator PELL. Thank you.

Now, are you aware of the American Council on Education's thought about revising some student assistance programs; and, if you are, what is your view?

Ms. Jacobsen. I am aware of the recommendation that the half cost limitation tied to the basic education grant be eliminated. This is very damaging to the independent schools.

We feel that the cost of education is really no different between public and private institutions. It is a question of who pays for it, whether it is the taxpayer or whether it is the enrollee. To really sincerely provide access to students, to let them have a choice of public or private education, I think there has to be some limitation such as half cost of education.

Senator **Pell.** So you support the continuation of the half cost provision?

Ms. Jacobson. I certainlv do.

I think the removal of the one-half cost provision is going to do such serious harm to our independent colleges that we cannot calculate the result.

[The prepared statement of Ms. Jacobsen and other information supplied for the record follows:]

Statement before the
Subcommittee on Education
U.S. Senate
Senator Claiborne Pell, Chairman

Julia M. Jacobsen
on behalf of
The Tri-College Center of Virginia
and
Council of Independent Colleges of Virginia

Tri-College Center of Virginia

Lynchburg College
Randolph-Macon Woman's College
Sweet Briar College

July 16, 19

Virginia's Private Colleges

Central Virginia	Lynchburg College	Lynchburg
	Randolph-Macon College	Ashland
	Randolph-Macon Woman's College	Lynchburg
	Sweet Briar College	Sweet Briar
	University of Richmond	Richmond
	Virginia Union University	Richmond
Northern Virginia	Marymount College	Arlington
Shenandoah Valley	Bridgewater College	Bridgewater
	Eastern Mennonite College	Harrisonburg
	Hollins College	Hollins College
	Mary Baldwin College	Staunton
	Shenandoah College and Conservatory of Music	Winchester
	Southern Seminary Junior College	Buena Vista
	Washington and Lee University	Lexington
Southside Virginia	Averett College	Danville
	Hampden-Sydney College	Hampden-Sydney
	St. Paul's College	Lawrenceville
Southwest Virginia	Bluefield College	Bluefield
	Emory and Henry College	Emory
	Ferrum Junior College	Ferrum
	Roanoke College	Salem
	Sullins College	Bristol
	Virginia Intermont College	Bristol
Tidewater Virginia	Hampton Institute	Hampton
	Virginia Wesleyan College	Norfolk

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Mr. Chairman and Members of the Subcommittee:

My request for time to make comments on the importance of Title I, Continuing Education and Community Service, and Title VI and Title VII, Instructional Equipment and Academic Facilities, in no way indicates that the independent colleges I speak for are less concerned with the Titles dealing with Student Aid, Education Professions Development and Library Maintenance. It is simply that we are concerned about the need to deal with continuing education in the higher education act in a way that addresses this growing need with commensurate scope.

The expanding need for continuing education is self-evident if we examine only one or two of the causes. The increasingly complex and interrelated problems of our society are forcing change in our existing curricula. But, changed or not, the conventional years of secondary or post secondary education cannot sustain us for the rest of our careers and lives. Continuing, or perhaps we should say continuous, education and training are going to be required if we are to keep pace with new knowledge and current information and keep in a position to secure employment. Continuing education for recurring and retraining needs is not new. Even many of the smaller, private, undergraduate institutions have had experience in continuing education with programs designed for the local persons rather than their residential students. Most continuing educational programs of this kind have been experimental and dependent on funding from Title I, EPDA, state based humanities programs and the Environmental Education Act, to name a few.

The adult learner is new to the college or university division dependent on the traditional 18 to 21 year old student who spends four consecutive years in college. We know the future will be short of the 18 to 21 year olds and, according to data cited by Dr. Harold Hodgkinson, speaking to the Higher Education group of Washington, one-fourth of this age group will be from minority background in 1980-84. Continuing education is not new but the make-up of our student population, the needs of the learner, and the form, method, and place for future educational programs may be very new.

We urge you to create a broader mandate for Title I and place all continuing education programs under one administrative unit. Environmental Education, Community Service and Continuing Education, drug education, training for governmental personnel, and sections of the old Education Professions Development Act concerned with continuing education of teachers all deal with a common set of problems in providing education and training for the adult, part time learner. Much information on successful methods for delivering education to this group can be pooled if the several programs in the Office of Education were under one roof and their activities coordinated. It would make far better sense to establish certain current educational needs for special focus each year, such as environmental education, drug education, energy conservation, and maintain the present State grant program under Title I of the Higher Education Act, which has served well, so that states and institutions of higher education working together can meet local needs more effectively.

To show you how the state-institutional partnership works let me give you some examples of the Tri-College Center program in the State of Virginia. The member institutions - Lynchburg College, Randolph-Macon Woman's College and Sweet Briar College - are four year residential, predominately undergraduate, liberal arts colleges. In the rural community surrounding Sweet Briar College a community study committee was established. Working with Dr. Catherine Seaman, Professor of Anthropology and Sociology at the college, a two-year program of Environmental Education for community leaders was initiated. We expected 30 participants and over 130 consistently attended a series of one day forums and workshops. Leaders were defined as anyone with a position, paid or volunteer, elected or appointed, to influence a segment of the community. The solid waste problem, common to all, was resolved with a county run solid waste pick-up - one of many problems solved.

The City of Lynchburg turned to Lynchburg College and Dr. Joseph Freem , to provide training in personnel management under Dr. Frederick Rowe at Randolph-Macon Woman's College, a program drawing on faculty from all three schools and the community.

This program was carried out in a series of seminars and lecture-discussion groups in the evening. The time format and methods were determined in advance by the participants.

At present, with pooled talents of the three colleges under Mr. Thomas Seaman, Associate Professor of Sociology at Lynchburg College, we are working on a joint venture with the local government Planning District Commission and Chamber of Commerce on public education for long range planning and goal setting. "Central Virginia Tomorrow", as it is called, has had over 1,000 participants. For the future we hope to move in the area of women's re-entry. Dr. JoAnn Moody, Associate Professor of English at Lynchburg College, has already identified many needs and methods for continuing education for women. These are some examples of activities under Title I, HEA from the Central Virginia region.

When we turn to the question of who should deliver the educational and training services for the increasing part-time student population, we will need a network of facilities in many and different locations to make continuing education accessible regardless of where you live and work and when you are free to participate. The big universities and community colleges can serve large numbers of the adult student population. However, the independent, undergraduate schools have competencies and facilities to further extend education opportunities, particularly those geared to individualized instruction. Across the nation a sampling will show that a high percentage of the independent, undergraduate colleges are located in residential, suburban and rural settings. The large universities tend to be in urban and commercial areas and the community colleges, being relatively new, are restricted to locations by zoning. With coordinated planning, the colleges, universities and community colleges could become an effective network for the delivery of continuing education. We urge you to make a clear requirement in future legislation to utilize all of the existing facilities rather than create new ones. The extension school approach, which offers traditional educational services in some off-campus classroom setting as being distinguished from continuing education's non-traditional problem-oriented and community-involvement approach, does not serve the needs of the student population we have been discussing here. The extension school approach does not provide the kind of facility or service as we interpret the mandate for Continuing Education. We believe the most effective place for the part-time learner is close to home or work and that incentives to develop the needed programs should be offered to the existing accredited institutions.

We included a part of Education Professions Development for teacher training with other continuing education programs that I felt should be under one administrative authority. The National Advisory Council on Education Professions Development released its recommendation to the Congress in April, "Staffing the Learning Society: Recommendations for Federal Legislation", and I served on that council until April and support the recommendations. It did become abundantly clear in our discussions with teachers and visits to learning laboratories, teacher centers and Teacher Corps programs that the working teacher wants to have an opportunity for refresher and retooling convenient to their home or work. We see this need best met by the non-traditional continuing education approach. Referring to a second report of the National Advisory Council on Education Professions Development, "Gatekeepers in Education: A Report on Institutional Licensing",We see training for licensing and accrediting as a continuing education mission and would feel more secure if any of these programs were housed in institutions which are accredited by our regional bodies.

In addition to a broadened Title I, we urge you to consider provisions for eligibility for student financial aid. We are faced with a clearly identified target group in the adult part-time learner. It seems only reasonable that access to the Federal Student Assistance Grant Programs should be expanded to the part-time student in non-traditional programs. Certainly, those educational and training programs which do provide eligibility for student support have not all been deserving or effective. As those institutions which did not deliver satisfactory services are hopefully removed from eligibility roles, it would be logical to extend eligibility to the non-traditional adult education programs which prove effective.

The future we have talked about for years is here. The post-secondary student is the majority among students. All of our emphasis in aid and offerings have been for the full-time student in credit pranting programs. The challenge is now to provide education opportunities in non-traditional modes for the part-time adult learner. This is a challenge in terms of legislation and to our colleges and universities.

Thank you for providing time before this committee to express our views.

Respectfully submitted,

Julia M. Jacobsen

Julia M. Jacobsen

July 16, 1975

Julia Mills Jacobsen is Coordinator of Government Relations and Sponsored Programs for Lynchburg College, Randolph-Macon Woman's College and Sweet Briar College, the Tri-College Center of Virginia. One of her additional responsibilities in this position was to serve as Project Director and Institutional Representative for Title I projects at the Tri-College Center. She has served on: The Research and Development Advisory Committee to the State Council of Higher Education of Virginia; The National Advisory Council on Education Professions Development, and was Treasurer and Acting Chairman of that Council; The Medical Care Advisory Board of the District of Columbia and is at present; Secretary-Treasurer of the National Council of University Research Administrators. She graduated from the Holton-Arms School in Washington, D.C. and received an A.B. degree from Sweet Briar College. She is presently President of the Board of Visiting Nurse Association of Washington, D.C.

Research Profile

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THE COLLEGE ENDOWMENT FUNDING PLAN

Dr. Frederick Douglas Patterson

THE COLLEGE ENDOWMENT FUNDING PLAN

For additional information on the College Endowment Funding Program contact the Robert R. Moton Memorial Institute, Inc., 527 Madison Avenue, New York, New York 10022

The fundamental problem of higher education, and of small colleges in particular, relates to the difficulty of securing funds required for basic operations. The rise in educational costs due to productivity increases in the economy, the competition for students and well-prepared personnel, as well as inflation, must be met by increasing revenues from public and private sources.

However, monies from these sources are most often contributed for special-purpose projects, in addition to existing programs, and are usually intended to be spent over a short period of time. This type of aid, while it improves the variety of activities that are available, does not ease the financial problems of institutions. Indeed, it often augments them, as restricted short-term funding invariably contributes to new higher levels of ongoing expenditures. In short, both federal and private assistance *tend to create permanent programs, but provide only temporary financing.* Thus, colleges and universities end up with a program expenditure built into the budget.

The College Endowment Funding Plan (CEFP) is an attempt to deal with the problems confronting institutions, while at the same time accommodating the wishes of the donors. It is an institutional aid mechanism not previously used which, however, relies on monetary and investment procedures currently in operation. The Plan recognizes the needs of colleges and universities for basic current support and for providing for the future and has as its goal the creation of a level of endowment able to provide a substantial part of their revenues. It is endowment that, by becoming a significant part of the income of institutions, can help them meet current and future revenue needs, in view of the forces that affect the level and growth rate of their expenditures.

I. The Basic Plan

The CEFP begins with a college or university, public or private, that has raised a sum of money. In most cases, this will be a restricted gift for current use with a short expenditure period. The CEFP is a means of ensuring that funds for the support of the specific project chosen by the donor will be available after the end of the gift period. This is done through the creation of an endowment fund.

In the case of a gift for endowment, as opposed to one for current use, the Plan can also be used. Here its role is to increase the impact of such a gift, through the creation of an endowment larger than what the gift alone would have produced.

In either case, the result is achieved by leveraging the gift money with borrowed money. Then, the combined gift and loan funds are invested at a favorable interest spread—that is the difference between the interest on the loan and the rate of return on the investment. Over the years, the earnings from this investment enable the institution to provide for current budget support and to meet the loan payments of interest and principal. After the loan has been retired, the institution owns the investment. This represents an endowment whose future earnings can be used to provide a continuous flow of revenue.

A. Example*

Table 1 presents a hypothetical case in order to illustrate the operation of the Plan. It is a simplified version of the CEFP, intended for explanatory purposes only. More economically realistic variations may be developed.

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*Actual income figures for institutions participating in the TACTICS program were computed utilizing the CEFP formula. These computations are not used in the example to preserve confidentiality. It can be mentioned here, however, that the results of these computations demonstrate that the bulk of the institutions both publicly and privately supported could reap some benefit if the approach is made operational. In the computations various income figures (i.e., Title III funds, endowment earnings, other federal and private gift income, etc.) were applied. For example, in the case of a small 4 year private institution that had received during the fiscal year 1971-72 $160,300 from USOE's Title III programs, MIS used this figure as the endowment fund, matched it with a 3 to 1 loan and added an endowment component of $80,150, thereby, producing a total investment of $721,350; by the end of the CEFP operating cycle such an investment would have earned $1,973,982; yielding approximately $480,900 of unrestricted income and the value of the investment by the end of the cycle would be $1,000,383. These figures assumed an earnings rate of 9% with an 8% interest on loaned funds.

HOW THE PLAN OPERATES

Program Gift	1,000,000
Borrowed	3,000,000
Endowment Component	500,000
Total Investment	4,500,000

Total Invest.	Earnings 9%	Loan Int. 8% (000)	Pay Princ. (000)	Current Income (000)	Tax	Transfer to Invest
$4,500,000	$405,000	$240		$100	$7,500	$57,500
4,567,500	410,175	240		100	7,500	62,875
4,620,175	415,816	240		100	7,500	68,316
4,688,491	421,964	240		100	7,500	74,464
4,762,955	428,666	240		100	7,500	81,166
4,844,121	435,971	240		100	7,500	88,471
4,932,592	443,933	240		100	7,500	96,433
5,029,025	452,612	240		100	7,500	105,112
5,134,137	462,072	240		100	7,500	114,512
5,248,709	472,384	240		100	7,500	124,884
5,373,593	483,623	240		100	7,500	136,123
5,509,716	495,874	240		100	7,500	148,374
5,658,090	509,228	240		100	7,500	161,728
5,819,818	523,784	240		100	7,500	176,284
5,996,102	539,649	240		100	7,500	192,149
6,188,251	556,942	240	300	100	7,500	(90,558)
6,097,693	548,792	216	300	100	6,750	(73,958)
6,023,735	542,136	192	300	100	6,000	(55,864)
5,967,871	537,108	168	300	100	5,250	(36,142)
5,931,729	533,856	144	300	100	4,500	(14,644)
5,917,085	532,538	120	300	100	3,750	8,788
5,925,873	533,329	96	300	100	3,000	34,329
5,960,202	536,418	72	300	100	2,250	62,168
6,022,370	542,013	48	300	100	1,500	92,513
6,114,883	550,339	24	300	100	750	125,589
6,240,472						
6,240,472	12,314,222	4,920,000	3,000,000	2,500,000	153,750	1,740,474

In this example, it is assumed that a restricted gift of $1,000,000 is raised by an institution with the stipulation that 10 percent of the gift be spent annually—that is, $100,000 per year for 10 years—for the support of a specific project chosen by the donor. In addition, $500,000 is received from either public or private sources as an endowment building component. The purpose of this grant is to help meet part of the interest cost of the loan and thus to ensure that an endowment is created.

On the security of the gift a 25-year loan of $3,000,000 is obtained at 8 percent interest. The combined monies from the program gift, the endowment component and the loan are then invested at 9 percent. During the loan term the annual earnings from this investment are used to pay the interest due on the loan and to provide $100,000 for program support (budget income), as stipulated by the donor. Beginning in the sixteenth year, the loan principal is repaid in ten equal annual installments. Any earnings remaining after all the obligations have been met are reinvested at the same rate as the original investment. At the same time all taxes due are paid.[1]

By the end of the loan term a total of $2,500,000 has been spent on program support, thus extending the funding of the program beyond the ten-year period specified by the donor. After the loan has been retired, the institution owns the original investment of $4,500,000 plus over $1,500,000 in additional funds. This represents an endowment which will generate a flow of future earnings, thus alleviating some of the pressures for additional revenues.

Thus, while satisfying the wishes of the donors, the Plan succeeds in also meeting the needs of institutions for current and future income. In the case of a restricted gift for current use, program support is ensured beyond the expenditure period and an endowment is created. On the other hand, the impact of a gift for endowment is increased through the CEFP, since a larger fund, able to generate more revenues, is produced.

B. Elements of the Plan

The results produced by the CEFP are achieved by simply combining acceptable procedures into a mutually supporting and interacting arrangement. The funding mechanisms on which the Plan relies are neither new or unique in college finance. They include:

- use of private gifts
- "matching" funds
- the "challenge", or incentive concept of matching the results of fund-raising from private sources
- long-term loans for the use of educational institutions
- formation of institutional capital through the establishment and investment of endowment funds
- use of grants to help meet part of the interest payments on loans
- use of endowment income to pay off loans
- use of endowment income as part of an institution's educational and general income.

What is new and unique about the CEFP is the manner in which these basic elements of educational finance are "packaged."

In addition, the structure of the CEFP is such as to permit flexible variations and trade-offs among its component elements:

- the relative size of the loan and the gift contribution
- the term and payback schedule of the loan
- the source of borrowing
- the size and source of the endowment building component
- the rate of interest paid on the loan
- rate of return on the investment
- the type of investment chosen and risk involved
- the amount, scheduling and use of budget income taken from the investment earnings
- the relative size of the endowment fund produced after the loan is paid off.

C. Changes required in the current pattern of aid in relation to endowment building

The previous discussion has emphasized the fact that the CEFP can achieve both purposes—namely, those of providing current income plus building an endowment within the existing framework of higher education finance. As the example has illustrated, it is only in the pattern of restricted aid for current use that some changes are necessary in order to be able to achieve the purposes of the Plan. They are needed because of the specific level of current income expenditures required by restricted gifts.

1. The expenditure period

After a long and careful study of various combinations of gift and loan funds, in relation to the level of endowment they produce, it has been determined that the expenditure period of the program gift should be approximately ten years. Since current gifts for restricted use are most often given for shorter periods, usually three to five years, it will be necessary to alter the expenditure requirement. Several major contributors have already expressed their willingness to change the expenditure time span of their gifts. It is expected that others will also do so, in view of the impact that such a change will have on endowment building. Specifically, by lengthening the expenditure period, a smaller sum will have to be spent annually for budget income, thus allowing the accumulation of a larger investment.

2. The endowment building component

The other change, also involving restricted gifts for current use, is the requirement that a portion of the gift or grant (1/3 of the total in our illustration) be earmarked as an endowment component. The essential characteristic of this portion of the total gift is that the college is not required to spend any of the income earned on the investment of such funds for program activities. Thus, its role is to as-

ast in endowment building and the term "endowment building component" is used. It can be provided by either public or private donors. Income earned by the endowment component and earnings above cost from borrowed monies provide the final endowment.

In view of the above, for this subsidy to have the greatest impact, it is necessary that it be contributed in one lump sum at the beginning of the investment/loan period.* Invested together with the program gift money it can thus enlarge the size of the investment fund and the earnings. Various analyses of the Plan have indicated that the size of the endowment building component should be half that of the program gift. In the case where one donor makes both contributions, this will mean that one-third of the funds will represent the endowment component, while the rest will be for program support.

In relation to the current aid pattern the requirement of an endowment building component means that a subsidy equal to a predetermined amount will have to be contributed in one payment, rather than in periodic installments equal to a portion of the interest rate on the loan. It is believed that donors, public and private, will be willing to make this grant in this manner in view of its impact on endowment building. Moreover, it is the type of aid that is compatible with the present pattern of assistance from these sources: it is for a specific and well-defined purpose, to be given once, rather than on a continuous basis, and in combination with funds from other sources.

II. Contribution of the CEFP to the Financing of Institutions

Beyond the specific advantage of the Plan as a means of ensuring that the new level of expenditures, resulting from restricted gifts, can be met without additional contributions, there is the long-term impact that the CEFP can have on the financing of higher education institutions.

Over the years, the repeated inclusion under the Plan of all restricted gifts will result in the accumulation of a substantial endowment. This will mean that an increasing part of an institution's revenues will be from endowment earnings. As Massey stated, such a revenue pattern can compensate for the productivity gap faced by colleges and universities. That is, by placing a greater emphasis on endowment income, institutions can realize productivity related gains in their revenues to counteract the effects that such gains have on the level of their expenditures.

In addition to the problems of obtaining funds for basic operations and of closing the widening gap between revenues and expenditures, the CEFP addresses itself to another question that each type of institution has to face in its fund-raising efforts. Namely, how to obtain money from both private and public sources without undesirably modifying its major thrust of control. Private institutions in seeking public funds wish to obtain them under conditions that will leave them as autonomous entities, free from political control. On the other hand, private monies to public institutions should not lessen the state's responsibility for major support for basic operations. Money from private sources can best be given and managed through the foundations now being developed by many public institutions.

The CEFP by relying on existing funding mechanisms and procedures does not alter the basic thrust of institutional support. It merely adds to it, in order to avoid cases of extreme hardship that could disrupt it. The Plan is a funding scheme that can be used by any institution in order to eliminate the adverse effects of restricted gifts from any source and to counteract the forces affecting their expenditures. It is the aim of the CEFP to strengthen the fundamental character of institutions by making them economically viable through endowment.

The Plan attempts to assist specifically those colleges and universities with limited or no endowment. Only those having endowment earnings per student below a certain level are eligible to participate. In this way, the CEFP can have the greatest impact on the institutions with the greatest need.

In the case of public colleges and universities, the aim is to create a source of funds to complement those received from the State. Such funds should help meet any part of the cost of education per student[2] not covered by appropriations, as well as those other expenditures affecting the quality of education, but not included under the definition of "cost of education."

For private institutions, it is the objective of the creators of the CEFP to ensure endowment earnings of about $1,000 per student at participating institutions. This amount, when combined with unrestricted income from other sources, *should* equal 60 percent of the cost of education per student—the rest to be provided by tuition and fee charges.

The choice of $1,000 in endowment income and its relation to other revenues is based on research in the costs of small private colleges. It was revealed that the average cost of education per student is approximately $4,000. The aim is to ensure that no more than 40 percent of that, or $1,600, is provided from tuition, with endowment accounting for almost half of the other revenues. Thus, assuming that 5 percent of the endowment is used in the budget, an institution with 1,000 in enrollment will need an endowment of $20,000,000 in order to provide $1,000 per student. It is expected that the *rate of return* from the investment of the endowment will be greater than 5 percent and that the portion of the earnings not spent will be reinvested.

III. Advantages of the Plan

The CEFP as a concept manifests a unique set of important advantages.

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*Applied in this way, the "component" substitutes for a more costly interest subsidy.

- It is a method of institutional assistance—the most fundamental kind of support, that ensures the survival of institutions and enhances the contribution of other non-institutional programs such as student aid.
- It is a method of creating revenues that does not alter, or compromise, the fundamental character of colleges and universities, public or private.
- It provides a continuous flow of budget income to the institution in predetermined amounts and over a specified period.
- At the same time, it is a means of capital formation through the establishment and investment of endowment funds.
- This in turn ensures a future flow of unrestricted revenues that will help institutions meet part of the rising expenditures.
- Most important, while satisfying the revenue needs of colleges and universities, the CEFP also respects the wishes of the donors. It operates within the established framework of higher education finance and relies on proven funding mechanisms.
- Private donors are provided with an additional incentive to contribute, because of the matching and leveraging of their contribution. Thus a gift for current use will not only support a specific program, but will also help build an endowment fund. On the other hand, an endowment gift will eventually create a larger fund.
- Because of the inherent flexibility of the CEFP, with respect to varying the "packaging" of its elements, an institution can design the Plan to best meet its educational objectives, budgetary requirements and the financial environment within which it operates.
- The Plan also allows for arrangements that include the government, either through the granting of the endowment building component or the loan. In these cases, the impact of the government's contribution (federal or state) is greatly enhanced by the leverage and yield of endowment funds.
- Moreover, the CEFP as an institutional endowment building method of support is compatible with the current pattern of government assistance. By creating a stable flow of current and future income, it complements the specific pattern of federal aid and the basic support of public institutions by the states.
- A less direct, but equally important effect is that institutions will be encouraged to develop and exercise their own private fund-raising capabilities in order to be able to participate in the Plan. There will also be an incentive to formulate long-term institutional development plans as a key factor in convincing donors of the importance of their contribution. Moreover, the increasing importance of endowment will encourage colleges and universities to provide more effective financial management of their portfolios and budgets.
- Finally, by enlarging the base of institutional support the CEFP reduces the pressure for drastic tuition increases. This benefits not only those students able to pay, but those in need as well, for they will require smaller amounts of financial aid. There are also benefits for the colleges and universities, since fewer students will need assistance and lower amounts of aid per student will have to be provided.

The reduction of the pressure to accelerate the rate of tuition increase is especially important for private institutions. Since they, as a group have traditionally received most of the philanthropic support, the CEFP enables them to increase the impact of these funds and to reduce their dependence on tuition increases. Moreover, recognizing the unequal distribution of endowment among institutions, the Plan also provides for the participation of only those colleges and universities having endowment per student below a certain level.

For public institutions, adoption of the Plan will ensure that quality education, above the level permitted by state appropriations, can be provided. Although most of them receive relatively little private support, the existence of the Plan can become an incentive for alumni and other donors to increase their contributions.

Indeed, it is the goal of the CEFP to *diversify as well as enlarge* the revenue base of private and public institutions so as to minimize the adverse effects that changes in any source of funds can have. The aim is to preserve the diversity that exists among colleges and universities and the quality of the programs they offer in order to allow students improved access to quality education at costs they can afford. After all, "excellence in education is not merely a matter of limiting admissions to select students, providing conditional academic programs and upholding traditional standards. Rather, excellence is providing varied kinds of education that are relevant and helpful for persons of many different backgrounds, abilities and aspirations."[3]

FOOTNOTES

[1] According to the opinion of tax lawyers and of representatives of the Internal Revenue Service, there is a tax liability only on the *net* income realized from the loan. That is, the difference between the interest earned on the loan portion of the investment and the cost of borrowing and other expenses associated with the proceeds of the loan.

In this example, during the first 15 years the interest earned from the investment of the borrowed money is $270,000, the interest cost is $240,000 and the taxable net income is $30,000. After the 16th year, as the principal is being repayed, the taxable income declines. The applicable tax rate is that used for corporations. Specifically, 22 percent on the first $25,000 and 48 percent thereafter.

[2] The term "cost of education" per student is used to indicate the educational and general expenditures of institutions (EGE) per student—as opposed to those for auxiliary enterprise, such as dormitories, student aid and major public service, such as federally funded research and development centers.

The educational and general expenditures of institutions are for:

(a) **student education**—general administration, instruction and departmental research, extension and public service libraries, operation and maintenance of the physical plant and sponsored activities, such as training institutes;

(b) **organized research**—all sponsored research except federally funded centers;

(c) **related activities**—laboratory and medical schools, hospitals, dental clinics, home economics cafeterias, and other expenditures for student education not included under (a).

Source: Office of Education, *Projections of Educational Statistics to 1981-2*, 1972, pp. 99–102.

[3] Howard R. Bowen, *"The Effective Use of Financial Resources"*, Speech presented at the 1974 National Conference on Trusteeship. Reprinted by the Association of Governing Boards of Universities and Colleges, p. 19

Dr. Frederick Douglas Patterson, currently Chairman of the Board of the Robert R. Moton Memorial Institute, has served black higher education with distinction in many capacities: as President of Tuskegee Institute, as founder and president of the United Negro College Fund, as President and Director of the Phelps-Stokes Fund, and as a Trustee of a host of educational and cultural institutions. He also served two presidents on higher education commissions. His career has spanned fifty years, dealing with all aspects of education. His doctorate was earned at Cornell University, and he holds honorary degrees from twelve American colleges and universities.

EDMUND S. MUSKIE
MAINE

United States Senate
WASHINGTON, D.C. 20510

July 31, 1975

The Honorable Claiborne Pell
Chairman, Education Subcommittee
Labor and Public Welfare Committee
United States Senate
Washington, D.C.

Dear Clai:

I am writing to bring to your attention the enclosed correspondence which was sent to me by Edward G. Kaelber, President of the College of the Atlantic in Bar Harbor, Maine.

Dr. Kaelber is seeking financial support under the Developing Institutions Program, Title III, of the Higher Education Act. Unfortunately, the provisions require that an institution have been in existence at least five years and have been seeking accreditation and making reasonable progress during that time. As the college has been in existence for approximately three years now, officials there find themselves unable to participate in the program.

I understand that you are currently conducting hearings on renewal of the Higher Education Act. I would therefore appreciate it if you would consider this letter in your review of education laws and include it in the hearing record.

Thank you for your assistance.

Sincerely,

Ed

Edmund S. Muskie
United States Senator

Enclosure

July 10, 1975

The Honorable Caspar W. Weinberger
Secretary
Department of Health Education and Welfare
330 Independence Avenue, S.W.
Washington, D. C. 20201

Dear Mr. Secretary:

College of the Atlantic in Bar Harbor, Maine seeks your assistance in attaining a waiver or a revision of one aspect of HEW administrative interpretations regarding qualification requirements for colleges seeking support under the Developing Institutions Program, Title III, of the Higher Education Act of 1965, as amended (20 U.S.C. 1051-1056).

It is our understanding from The Federal Register of May 29, 1974, Section 169.11, that to qualify as a Developing Institution, a college must either be "accredited by a nationally recognized accrediting agency...", or be "making reasonable progress toward accreditation".

In March of 1973, College of the Atlantic was recognized by The New England Association of Schools and Colleges as a Candidate for Accreditation. We anticipate that the College may receive full accreditation in the spring of 1976.

The current administrative interpretation seems to be that in order to qualify, a college must have had a five-year association with an accrediting agency, even if full accreditation comes within the five-year period. Hence, if College of the Atlantic receives full accreditation in 1976, it will have to wait until 1978 to be considered qualified.

We feel that the College may be penalized as a result of its rapid progress toward accreditation. We would like the College to be considered qualified for consideration under Title III at whatever date full accreditation is received. Our request seems to be within the letter and spirit of the regulations.

Thank you for your consideration.

Respectfully,

Edward G. Kaelber
President

EGK:eac

bcc: Senator Muskie

COPY

Ed Kaelb

JOHN C. STENNIS, MISS., CHAIRMAN
STUART SYMINGTON, MO.
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T. EDWARD BRASWELL, JR., CHIEF COUNSEL AND STAFF DIRECTOR

United States Senate
COMMITTEE ON ARMED SERVICES
WASHINGTON, D.C. 20510

July 30, 1975

Honorable Claiborne Pell
Chairman
Senate Education Subcommittee
Dirksen Senate Office Building
Washington, D.C.

Dear Mr. Chairman:

I am enclosing a copy of a letter which I recently received from Dr. Jerry Williamson, President of Gordon Junior College, regarding the Title III, Strengthening Developing Institutions Program.

I have received similar criticisms from other small institutions in Georgia regarding the manner in which their application and the program as a whole have been handled. I would appreciate the Committee looking into this matter in its future consideration of authorization for the Title III program.

Your assistance in this matter is greatly appreciated.

Sincerely,

Sam

Sam Nunn

Jul 21 1 48 PM 1975

GORDON JUNIOR COLLEGE
A UNIT OF THE
UNIVERSITY SYSTEM OF GEORGIA
BARNESVILLE, GEORGIA 30204

OFFICE OF THE PRESIDENT

July 16, 1975

Re: BPE:OIDIE:DID
454BH50249

Dr. Willa B. Player, Director
Division of Institutional Development
Department of Health, Education, and Welfare
Office of Education
Washington, D. C. 20202

Dear Dr. Player:

I am writing in response to Gordon Junior College's recent Title III application which was rejected this year by your office because our budget was "unrealistic." Last year we were told that our budget was too modest.

Gordon Junior College is now three years old, and for three years now we have submitted proposals which we thought were realistic and in keeping with the priorities of the basic Title III program. As a new community junior college dedicated to the recruitment of minority students and minority faculty members, we have been in critical need of Federal funds to fully implement our college programs; and yet each year we have watched these funds go to two other junior colleges in the state, both of whom are much older and much better established financially.

Once again this year our staff person concerned with grants attended all of the Title III workshops, read all of the materials sent out by your office, and made a trip to Washington to consult with Dr. Frances Kelley on October 21, 1974. He went over our proposal carefully with her and drafted it according to her recommendations. It was she who gave us the project figure of $250,000 to strive for. It was she who further suggested that our Special Studies faculty should be hired for a year's time to research and develop the program. (Nevertheless, your "evaluators" found that our program lacked implementation for the first year.) Further, it was she who recommended that the proposed remediation program would be a good approach to work with low income and minority students. In short, all three criticisms made by your readers were recommendations made by your office for us to follow.

If this letter sounds bitter and vitriolic, it is precisely because these are my feelings. As far as we at Gordon Junior College are concerned, the Title III program, as it is presently administered, is a farce and is of no benefit to emerging colleges whatsoever!

Dr. Willa B. Player
Page 2
July 16, 1975

Re: BPE:OIDIE:DID
454BH50249

Our congressional delegates, including Senators Talmadge and Nunn and Congressman Flynt, are deeply interested in Gordon and expressed their embarrassment over the lack of support which we have received from your office in the past. I am sending copies of this letter to them strongly recommending that they (1) ask Congress to investigate these abuses in the Title III program, particularly with regard to the monopolistic fashion in which the same few colleges year after year are able to secure funds while others are unable to crack the "inner circle" and (2) that they do all within their power to abolish the Title III program.

Furthermore, through the University System of Georgia, the Georgia Association of Colleges, and the Georgia (1202) Postsecondary Education Commission, of which I am a member, I am going to do everything within my power to muster support to abolish your program so that we may find a more effective vehicle by which Federal programs may be found to strengthen developing institutions which have a genuine educational commitment.

If I added up the number of man hours which I and my staff have spent attempting to secure funds under Title III programs, the cost to this institution and the State of Georgia would be astronomical; therefore, as a steward of public funds, I have instructed my staff that we are not going to waste tax payers' money in any more futile attempts to play "cat and mouse" games with you and your staff. Frankly, your program is one of the biggest disappointments in my career, and words simply fail me to express my disgust and bitterness.

Sincerely yours,

Jerry M. Williamson
President

JMW/ab

CC: Senator Herman Talmadge
Senator Sam Nunn ✓
Congressman John J. Flynt
Congressman Andrew Young
Governor George Busbee
Dr. F. David Matthews
Congresswoman Edith Green
Dr. T. H. Bell

MAR 27 1975

CENTRAL COLLEGE
PELLA, IOWA 50219

March 13, 1975

The Honorable John Culver
1327 Dirksen Office Building
Washington, D.C. 20515

Dear Mr. Culver,

In the Federal Register Volume 40, # 18, dated Monday, January 27 there is an article from the Office of Education called Strengthening Developing Institutions Advanced Institutional Development Program. The threat of the article is that the Commissioner of Education is planning to use $33,000,000 of this year's appropriation of $58,000,000 for institutions having been funded in the past two years. The net result is that there will only be $25,000,000 for new awards this year.

As an institution who has made application for a new grant this year our chances are obviously diminished as this reassignment of fiscal year '75 funds is carried through. We'd like to indicate some reasons why we think you might object to this seemingly arbitrary transfer of the funds.

1. Previous grants have been concentrated in a few states with schools in North Carolina receiving 25% of fiscal year '74 funds. Analysis of previous grants would show that they have been concentrated in a few states. Giving those same institutions additional funds will only enlarge the inequity of distribution.

2. Was the House and Senate conference committees aware of this transfer when they agreed on the $58,000,000 for fiscal year '75? Was it done with the realization that over half of it would be going to schools who were previously funded?

3. It seems unusual that additional funds should be going to recipient schools when their present programs have not had a chance to be adequately evaluated and since their original programs were supposed to have been comprehensive.

4. Institutions applying for fiscal year '75 funding attended regional conferences conducted by the Developing Institutions staff personnel. We were advised that this amount of money would be available and we submitted our proposals in good faith. Submitting a proposal is not a casual, off-hand type of thing but a major commitment of faculty and administrative time and obviously of financial resources. Application guidelines were massive and our proposal reached 280 pages. We are obviously a bit chagrined when our chances are reduced by more than 50%.

The Honorable John Culver
Page 2
March 13, 1975

5. We have been told that if a school qualifies as a developing institution as defined by their terms, and of course Central does, that the awards would be made on the basis of program. This technique of giving more funds to previous recipients circumvents that intention.

We hope this might be studied to see what possibility there is for restoring the full $58,000,000 to new fiscal year '75 grants.

Sincerely,

Gary Timmer
Vice President for Development

GT:jm

Senator PELL. Thank you very much for being with us, Ms. Jacobsen.

This meeting of the subcommittee will recess subject to the call of the Chair.

[Whereupon, at 10:55 a.m., the subcommittee adjourned, subject to the call of the Chair.]

HIGHER EDUCATION LEGISLATION, 1975

Student Assistance

THURSDAY, JULY 17, 1975

U.S. Senate,
Subcommittee on Education of the
Committee on Labor and Public Welfare,
Washington, D.C.

The subcommittee met, pursuant to recess, at 12:02 a.m., in room 4232, Dirksen Senate Office Building, Senator Claiborne Pell (subcommittee chairman), presiding.

Present: Senators Pell and Stafford.

Senator **Pell**. The hearing of the Subcommittee on Education will come to order.

Today we are continuing our hearings on the Education Amendments of 1972 with regard to how they may be strengthened and made to work in a better manner. Today's hearing should be especially interesting, because we will be hearing from the National Advisory Council on Education Professions Development, because the whole future of the Education Professions Development Act is one which must be considered in light of the seeming overabundance of trained teachers. The second witness, Mr. James Nestor, will discuss the state-operated guaranteed student loan programs.

Will Mr. George Arnstein and Walter Tice come forward.

STATEMENT OF WALTER TICE, CHAIRMAN, NATIONAL ADVISORY COUNCIL ON EDUCATION PROFESSIONS DEVELOPMENT, ACCOMPANIED BY GEORGE ARNSTEIN, EXECUTIVE DIRECTOR OF THE COUNCIL

Mr. **Tice**. Mr. Chairman and members of the committee, my name is Walter Tice. I am Chairman of the National Advisory Council on Education Professions Development, a statutory body—section 502, Higher Education Act of 1965—to review and monitor all federally assisted programs in what used to be called teacher training but now encompasses all forms of professional development in education.

We have earlier submitted to you and to the President our annual report as well as the more specific recommendations contained in Staffing the Learning Society, Recommendations for Federal Legislation, April 1975, and Gatekeepers in Education: A Report on Institutional Licensing, April 1975.

831

Our Council has formulated some additional recommendations since the adoption of these reports, especially endorsing the new inservice role of the Teacher Corps, as formulated in our analysis and review, now in press: Teacher Corps, Past or Prologue? scheduled for release in August 1975.

At the risk of killing all suspense, we review the past and recommend that it serve as a suitable prolog for continued efforts by the Teacher Corps to improve the competence and performance of American teachers. We even recommend a modest increase in funding in order to increase the impact, scope, and effectiveness of Teacher Corps. Other points we want to make are short.

(1) We like EPDA and recomemnd that it be continued.

(2) The focus of EPDA—by whatever name—should be to help existing educational personnel do their job and do it better, rather than on providing new personnel, which was the focus of the old law.

(3) To the extent that EPDA projects and operations are experimental, there ought to be provision for more systematic evaluation. There is little to be said for a demonstration project if we then do not stop to figure out what it demonstrated. Evaluation by some party other than the sponsoring agency is not only acceptable but preferable.

We have tried to justify these points in our written materials which have a common focus: We think there is a continuing Federal responsibility to provide leadership in the improvement of educational staff, including college professors and schoolteachers, administrators and elected school boards, policymakers, college trustees, and legislators.

We like the idea of lay leadership but we also see a strong need to provide them with training and technical assistance so that they can effectively discharge the duties we ask them to perform.

In publishing the report on gatekeepers, we had something similar in mind. We share with the members of this committee the concern you feel about the abuses in American education of which the defaults in the student loan program are merely the most visible and spectacular manifestation—and which, not incidentally, were predictable even before the start of the current hard times.

We think the whole system of licensing and accreditation needs to be reformed and we think there is an immediate Federal responsibility on two fronts:

(1) Launch an operation of training and technical assistance, probably through a nonprofit organization—new or existing—to the State licensing staffs, which are the gatekeepers in that they permit schools to operate in the first place. Federal officials now rely on these State decisions for determinations of eligibility and the States have been neglectful in too many instances. We make a similar argument for reliance on private, voluntary accrediting bodies and we look to the Congress to provide encouragement.

(2) More than that, we hope that you will consider a reform of the whole system for determining eligibility and for protecting educational consumers, but that is not the subject for today's testimony and we have put our recommendations on this subject in the gatekeepers report.

Our next point is that the training of the gatekeepers is a very good illustration of how the existing EPDA legislation, title V of HEA, should work or could work. EPDA was intended to be flexible, to provide funds in such a way that the Office of Education could quickly respond to a need as it became visible. In practice, this does not seem to have happened. What we are trying to say politely is that we like the law and that we are not overjoyed with its administration, keeping in mind that we are talking about five nonconsecutive Commissioners of Education, nonconsecutive because we are not counting all the acting commissioners during the various intervals.

Similarly, we agree that there is a Federal responsibility for the training of student financial aid administrators, as advocated by witnesses for several of the higher education associations. This is what was intended under EPDA and this is what should be done. At the same time, however, we suggest that the Congress could and should simplify these programs in the first place so that they will be simpler to administer.

Our concern is primarily with the students. The present complexity of the programs is so great that they become an obstacle course and thus discriminate against students who are less sophisticated or less aggressive and tends to reward those who may seek to exploit the programs for purposes not intended by the Congress.

What we recommend to the Congress is the continuation of EPDA and we would like to insert chapter 3, the recommendations, in the record.

We applaud the initiative of the Office of Education in having invented something known as leadership training institutes. We think they launched too many of them, that they would benefit from greater intellectual rigor, but we hope that they will use LTI's, or some similar device to deliver the demonstrations and training programs we recommend. Training of the gatekeepers, for example, might be arranged for example, through the LTI at George Washington University—under Sam Halperin's Institute for Educational Leadership—or through the education commission of the States.

We visualize the use of LTI's—or other similar vehicles—to demonstrate Federal leadership in the concept enunciated by President Ford at Ohio State when he urged a sharing of skills and ideas between the worlds of work and education.

The authors of the original EPDA had remarkable foresight because section 504 contains much of the authority and the concept the President had in mind. We urge renewal, with the possible addition of a sentence or two to make clear that the exchange can work in both directions, that workers and artists should be encouraged to enrich school programs and assist existing faculty, and that the educational resources also can be used to strengthen or enlighten civic, labor, and community organizations and individuals.

One of the experimental operations to be sponsored by EPDA might well be the concept of performance-based education, including teacher education. In saying this, however, we emphasize the need for a coherent strategy, not for scattered attempts which tend to be short on intellectual content and long or rhetoric. We think it is worth a determined effort to find out, intellectually, empirically, and psychologically.

Our Council is greatly concerned with the changing nature of the clienteles of our schools and colleges and the need to help staff and program to deal with these changes. In summary, the changing clientele rests on two factors. First, there is a change in values, in life-styles, in expectations. Young people today are different from the way we were in our own youth and adolescence. The question is not whether we like the differences or not, but that the differences exist and that our educational staff must be equipped to deal with the students as they are. We admit to some doubts that we know how to do this, but if we do not get started on some experimental programs in staff training and development—complete with evaluation and research—we may never find out.

The second change in the clientele is our ability to provide more effective education for adults who come back to school to learn new skills, senior citizens who want to use their newly found leisure constructively, younger pre-school children, and the addition of entire new sectors by sending faculty into factories and offices to provide on-the-job training and in-service instruction. The clientele is made up of a different mix of age groups, and the learning may be based on different needs.

We emphasize this new clientele because we see them as part of the changing challenge we confront in education, not as a problem.

We emphasize in-service training for existing faculty because we have come closer to a stable teaching force than ever before, thus need new stimuli and new programs for teachers who are becoming older, possibly wiser, but not always more enterprising or innovative. This calls for action on our part under the heading of improving quality education.

I would like to underscore that by some personal observations. I just returned from both the National Convention of the National Education Association, and the American Federation of Teachers. They are totally occupied with the impact of the economy on education. One of the things that has been happening is that in most school districts, reductions in the teaching force takes place on the basis of seniority: that means that teachers frequently, in order to maintain a job, are required to begin teaching in a new area where an opening occurs—an area where they have had no training. That, of course, means that there is a crying need for in-service training.

Now, the primary responsibilities for training rests with local school districts; at the same time the local school districts are victims of an economic squeeze, and the result is that when it comes down to paying the oil bills or keeping the teacher in the institute, they pay the oil bills and there is less in-service training than there was previously. At the same time there is a tremendous multiplying need for training.

This is something we know how to do. The array of techniques and resources is enormous, including faculty seminars, visiting lecturers, the kinds of artisans we mentioned earlier as welcome visitors to schools, sabbaticals, faculty exchanges, internships for students and faculty—and most of these things apply to colleges and schools, to faculty and administrators, to just about all who have a need to recharge their intellectual and pedagogic batteries.

The need is enormous. While financial pressures are eroding the very faculty development programs we need, most local school districts are pressed for funds, so they pay the electric bill and cut out the teacher institute.

Colleges reduce their budget for visiting speakers because they know they must first meet the regular payroll. We understand this even as we worry about the damage which will remain barely visible for a long time to come, and so we mention it to you, without more than a general recommendation that ought to encourage you to put as much money into EPDA as you think the economy can stand.

When we say "EPDA" we do not insist on the name or even the precise shape of the law or program. We speak of a legislative concept which we support, which should provide for more systematic experimentation and evaluation. We hope that you will lend your legislative leadership to an effort which will provide funds and leadership for the kind of staff development efforts that we need far more badly than anything we have done to date.

To our Council there is a clear need for Federal leadership in helping to equip education staff to cope with these and related opportunities, for surely these are opportunities to provide education to those who seek it, rather than awkward problems to be solved.

The Council has asked me to thank you for the opportunity to appear here today. We will be pleased to try to answer any questions you may have.

Senator PELL. Thank you. As I understand it, half the graduates from Rhode Island College training in teacher education cannot find jobs. With the declining market for teachers, only as senior people retire are new posts open to graduates. Do you feel then that there is a useful rationale for the continued activity of an organization such as yours in the public sector. I'm also wondering if you do not see an active effort being made in the field of accreditation by your organization, thus continuing one more body, in the Federal bureaucracy. What is your view with regard to that thought?

Mr. TICE. I expressed some of our ideas before. It seems to us you have a problem both economic and in terms of teachers being "excessed", and the effect that this has upon the education of the children. If you agree with our logic that that requires more in-service training, and if you agree with that argument that EPDA ought to shift its attention to in-service training, then there is not only the important role as existed in 1967 but a more important role, and I think that is generally the position we take.

Senator PELL. Where does accreditation come in?

Mr. TICE. Mr. Arnstein would like to answer that.

Mr. ARNSTEIN. Your question implies, Senator, that somehow or other we advocate Federal accreditation. We do not.

We think Federal officials have the ultimate responsibility of determining which schools and which colleges shall be eligible for Federal funded programs. These decisions are now made largely on the basis of data provided by either state licensing officials who are not federally funded, or by private voluntary accrediting bodies which are not federally funded either.

It is our contention that the Federal Government if it is to continue to rely on these two sources of input, and we have no quarrel with that, should have them do a better job. This is where we see a need for change, for technical assistance and, we try to point out, an even more thorough overhaul of the system as a whole. Even as the matter now stands, there is a need to help the states train people to do a better job so that Federal officials will get more reliable data from them.

Senator **Pell**. But there is no real role your council plays in the accreditation.

Mr. **Arnstein**. That is correct. We have no real role in that. We merely see the problem of training state officials who are educational or quasi-educational officials and permit certain abuses to arise for which they are not necessarily to blame.

Senator **Pell**. I agree with you. It is a very real problem.

Now, you have the responsibility to upgrade and retrain teachers so I'm wondering what you were doing specifically with regard to emphasize quality. Are you measuring the quality as well as the quantity of teachers?

Mr. **Tice**. I am not sure how you can distinguish between the training of teachers and being concerned with the quality of the teaching.

Senator **Pell**. By that I mean, the ability in the subject matters that teachers moving from one school—where for instance a teacher has been teaching French—to another school where she is supposed to teach mathematics. Is it not more important that she should know more about mathematics, the subject she teaches, than she should about French?

Mr. **Tice**. Both. To continue with your illustration: When I went to college, and you did, the kinds of math taught was not the type of math that they are teaching today. So she would have to learn not only the material but the teaching mode; there is no way to divorce the two.

Second, she will be dealing with students that are essentially different from the students that were being taught 15 or 20 years ago, both in expectation and in the way that you can get through to them in teaching any subject. So you have got to upgrade those skills in order to be effective.

Senator **Pell**. The legislation that created your council, states its purpose shall be to review the operation of not only EPDA but also all other Federal programs for the training and development of educational personnel with an emphasis on meeting the need for additional educational personnel. Your second charge was to improve the quality of training programs.

Has your council been fulfilling this mandate, and if so, when?

Mr. **Arnstein**. Our council is very conscious of this responsibility, and began to focus on this just a little over a year ago. As the first product of this new emphasis, we compiled a list of all those programs which have a training component and Federal funds. This compliation of approximately 160 programs we published as appendix A in our report, Staffing the Learning Society, as a first step. If we are to review 160 programs, probably the first thing to do is compile an inventory and determine their approximate dimensions. We would like to insert *the list for the printed record.*

While doing this, we focused on the two immediate large programs now up for reconsideration on which we are testifying today. It is our intent to look at some of the approximately 160 programs during the months to come and possibly years ahead.

Senator **Pell.** Thank you very much, indeed.

Senator Stafford?

Senator **Stafford.** Thank you, Mr. Chairman. I want to join you in expressing appreciation to these witnesses before this subcommittee. I have had a chance to read the statement of Mr. Tice. I have no questions.

Senator **Pell.** Thank you very much.

Thank you Mr. Tice and Mr. Arnstein for being with us this morning.

[The prepared statement of Mr. Tice and other information referred to previously follows:]

National Advisory Council on Education Professions Development
Suite 308 · 1111 20th Street N.W. · Washington, DC 20036 · (202) 382-8712

Walter Tice
Chairman

Helen G. Edmonds
Vice Chairman

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Hugo A. Sabato
Martin W. Schoppmeyer
William Ransom Wood

George Arnstein
Executive Director

Statement by

Walter Tice

Chairman

National Advisory Council on
Education Professions Development

before the

Subcommittee on Education
Committee on Labor and Public Welfare
United States Senate

Thursday, July 17, 1975

Accompanied by George Arnstein
Executive Director of the Council

Mr. Tice is a teacher in Yonkers, New York, where he also serves as President of the Yonkers Federation of Teachers. He was named to the National Advisory Council on Education Professions Development by President Ford in January 1975, and appointed Chairman on June 9, 1975.

National Advisory Council on Education Professions Development
Suite 308 · 1111 20th Street N.W. · Washington, DC 20036 · (202) 382-8712

Walter Tice
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Martin W. Schoppmeyer
William Ransom Wood

George Arnstein
Executive Director

Testimony

Mr. Chairman and Members of the Committee:

My name is Walter Tice; I am Chairman of the National Advisory Council on Education Professions Development. I am accompanied by George Arnstein, Executive Director of the Council.

Thank you for this opportunity to present the views of the National Advisory Council on Education Professions Development, a statutory body (Section 502, Higher Education Act of 1965), to review and monitor all Federally assisted programs in what used to be called teacher training but now encompasses all forms of professional development in education.

We have earlier submitted to you and to the President our annual report as well as the more specific recommendations contained in

Staffing the Learning Society, Recommendations for Federal Legislation (April 1975)

and

Gatekeepers in Education: A Report on Institutional Licensing (April 1975).

Testimony
Subcommittee on Education
Committee on Labor and Public Welfare
United States Senate
Thursday, July 17, 1975
Page 2

Our Council has formulated some additional recommendations since the adoption of these reports, especially endorsing the new in-service role of the Teacher Corps, as formulated in our analysis and review, now in press,

> Teacher Corps: Past or Prologue? (scheduled for release in August 1975)

At the risk of killing all suspense, we review the past and recommend that it serve as a suitable prologue for continued efforts by the Teacher Corps to improve the competence and performance of American teachers. We even recommend a modest increase in funding in order to increase the impact, scope, and effectiveness of Teacher Corps. Other points we want to make today are short and terse:

1. We like EPDA and recommend that it be continued.
2. The focus of EPDA (by whatever name) should be to help existing educational personnel do their job and do it better, rather than on providing new personnel, which was the focus of the old law.
3. To the extent that EPDA projects and operations are experimental, there ought to be provision for more systematic evaluation. There is little to be said for a demonstration project if we then do not stop to figure out what it demonstrated. Evaluation by some

Testimony
Subcommittee on Education
Committee on Labor and Public Welfare
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Thursday, July 17, 1975
Page 3

party other than the sponsoring agency is not only acceptable but preferable.

We have tried to justify these points in our written materials which have a common focus: We think there is a continuing Federal responsibility to provide leadership in the improvement of educational staff, including college professors and school teachers, administrators and elected school boards policy makers, college trustees, and legislators.

We like the idea of lay leadership but we also see a strong need to provide them with training and technical assistance so that they can effectively discharge the duties we ask them to perform.

In publishing the report on Gatekeepers we had something similar in mind: We share with the members of this Committee the concern you feel about the abuses in American education of which the defaults in the student loan program are merely the most visible and spectacular manifestation (and which, not incidentally, were predictable even before the start of the current hard times). We think the whole system of licensing and accreditation needs to be reformed and we think there is an immediate Federal responsibility on two fronts:

1. Launch an operation of training and technical assistance, probably through a nonprofit organization (new or existing),

to the State licensing staffs, which are the gatekeepers in that they permit schools to operate in the first place. Federal officials now rely on these State decisions for determinations of eligibility and the States have been neglectful in too many instances. We make a similar argument for reliance on private, voluntary accrediting bodies, and we look to the Congress to provide encouragement.

2. More than that, we hope that you will consider a reform of the whole system for determining eligibility and for protecting educational consumers, but that is not the subject for today's testimony and we have put our recommendations on this subject in the Gatekeepers report.

Our next point is that the training of the gatekeepers is a very good illustration of how the existing EPDA legislation, Title V of HEA, should work or could work. EPDA was intended to be flexible, to provide funds in such a way that the Office of Education could quickly respond to a need as it became visible. In practice, this does not seem to have happened. What we are trying to say politely is that we like the law and that we are not overjoyed with its administration, keeping in mind that we are talking about five nonconsecutive Commissio of Education, nonconsecutive because we are not counting all the acting Commissioners during the various intervals.

Similarly, we agree that there is a Federal responsibility for the training of student financial aid administrators, as advocated by witnesses for several of the higher education associations. This is what was intended under EPDA and this is what should be done. At the same time, however, we suggest that the Congress could and should simplify these programs in the first place so that they will be simpler to administer. Our concern is primarily with the students: The present complexity of the programs is so great that they become an obstacle course and thus discriminate against students who are less sophisticated or less aggressive and tends to reward those who may seek to exploit the programs for purposes not intended by the Congress.

What we recommend to the Congress is the continuation of EPDA, with the following elaborations:

* We applaud the initiative of the Office of Education in having invented something known as Leadership Training Institutes. We think they launched too many of them, that they would benefit from greater intellectual rigor, but we hope that they will use LTIs, or some similar device, to deliver the demonstrations and training programs we recommend. Training of the gatekeepers,

for example, might be arranged, e.g. through the LTI at George Washington University (under Sam Halperin's Institute for Educational Leadership) or through the Education Commission of the States.

* We visualize the use of LTIs (or other similar vehicles) to demonstrate Federal leadership in the concept enunciated by President Ford at Ohio State when he urged a sharing of skills and ideas between the worlds of work and education.

The authors of the original EPDA had remarkable foresight because Section 504 contains much of the authority and the concept the President had in mind. We urge renewal, with the possible addition of a sentence or two to make clear that the exchange can work in both directions, that workers and artists should be encouraged to enrich school programs and assist existing faculty, and that the educational resources also can be used to strengthen or enlighten civic, labor and community organizations and individuals.

* One of the experimental operations to be sponsored by EPDA might well be the concept of performance based education, including teacher education In saying this, however, we emphasize the need for a coherent strategy, not for scattered attempts which tend to be short on intellectual content and long on rhetoric. We think it is worth a determined effort to find out, intellectually, empirically, and psychologically.

Our Council is greatly concerned with the changing nature of the clientel of our schools and colleges and the need to help staff and programs to deal with these changes. In summary, the changing clientele rests on two factors: First, there is a change in values, in lifestyles, in expectations. Young people today are different from the way we were in our own youth and adolescence. The question is not whether we like the differences or not, but that the differences exist and that our educational staff must be equipped to deal with the students as they are. We admit to some doubts that we know how to do this, but if we do not get started on some experimental programs in staff training and development -- complete with evaluation and research -- we may never find out.

The second change in the clientele is our ability to provide more effective education for adults who come back to school to learn new skills, senior citizens who want to use their newly found leisure constructively, younger pre-school children, and the addition of entire new sectors by sending faculty into factories and offices to provide on-the-job training and in-service instruction. The clientele is made up of a different mix of age groups, and the learning may be based on different needs.

We emphasize this new clientele because we see them as part of the changing challenge we confront in education, not as a problem.

We emphasize in-service training for existing faculty, because we have come closer to a stable teaching force than ever before, thus need new stimuli and new programs for teachers who are becoming older, possibly wiser, but not always more enterprising or innovative. This calls for action on our part under the heading of improving quality education.

This is something we know how to do. The array of techniques and resources is enormous, including faculty seminars, visiting lecturers, the kinds of artisans we mentioned earlier as welcome visitors to schools, sabbaticals, faculty exchanges, internships for students and faculty -- and most of these things apply to colleges and schools, to faculty and administrators, to just abou everybody who has a need to recharge their intellectual and pedagogic batteries.

The need is enormous, while financial pressures are eroding the very faculty development programs we need the most. Local school districts are pressed for funds, so they pay the electric bill and cut out the teacher institute. Colleges reduce their budget for visiting speakers because they know they must first meet the regular payroll. We understand this even as we worry about the damage which will remain barely visible for a long time to come, and so mention it to you, without more than a general recommendation that ought to encourage you to put as much money into EPDA as you think the economy can stand.

* When we say EPDA we do not insist on the name or even the precise

shape of the law or the program. We speak of a legislative concept which we support, which should provide for more systematic experimentation and evaluation. We hope that you will lend your legislative leadership to an effort which will provide funds and leadership for the kind of staff development efforts that we need far more badly than anything we have done to date.

To our Council there is a clear need for Federal leadership in helping to equip education staff to cope with these and related opportunities, for surely these are opportunities to provide education to those who seek it, rather than awkward problems to be solved.

The Council has asked me to thank you for the opportunity to appear here today. We will be pleased to try to answer any questions you may have.

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PRESS RELEASE

(For Release on Delivery, Thursday, July 17, 1975)

Contact: George Arnstein

The existence of an apparent surplus of teachers offers an opportunity for improvements in educational staffing, the Chairman of the National Advisory Council on Education Professions Development told a Senate Subcommittee today.

Walter Tice, a classroom teacher from Yonkers, New York, testified before the Senate Subcommittee on Education and emphasized that for decades we had to scramble for teachers and classrooms, while today we ought to focus on improvement of quality. "The Federal Government has a responsibility in providing incentives for this," the Chairman of the Presidentially appointed Education Professions Development Council testified.

Tice was accompanied by George Arnstein, Executive Director of the EPD Council, as they testified on needed changes in the Higher Education Act of 1965 which expires on June 30, 1976. Their testimony called for Federal support for sharply focused programs of professional development for educational decision-makers, for administrators as well as the continuation of Teacher

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Corps and Federally funded programs designed to improve classroom teaching.

Details to back up today's oral testimony are contained in Staffing the Learning Society: Recommendations for Federal Legislation, a report from the National Advisory Council on Education Professions Development, which was released in April 1975. A companion volume, Teacher Corps: Past or Prologue?, will be released later this month, although Tice indicated the major recommendations: the EPD Council favors continuation of Teacher Corps, approves of last year's Congressional action shifting its emphasis to in-service training, and favors a modest increase in funding to lend greater impact to Teacher Corps activities.

In discussing the Federal role in professional development, Tice and Arnstein said the Council favored extension of Title V of the Higher Education Act, favored the experimental nature of Education Professions Development activities, but noted the lack of effective provisions and budget for evaluation and research. "There is little to be said for a demonstration project if we do not stop to figure out what it demonstrated."

Elaborating on the Federal role, the witnesses testified that Federal authorities tend to rely on State decisions and voluntary actions to protect educational consumers, as described in the Council's report on Gatekeepers in Education: A Report on Institutional Licensing (April 1975). To improve

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the performance of these State officials, the EPD Council is on record as favoring reform in the overall system, and also Federal support for training so that the system will operate with greater integrity and honesty, but without Federal intervention. The Gatekeepers report says it is unreasonable to have Federal officials rely on State officials without giving them training and technical assistance.

Walter Tice also is a Vice President of the American Federation of Teachers; he returned yesterday from the AFT annual convention in Hawaii to present today's testimony. He was named to the EPD Council by President Ford in January 1975 and appointed Chairman on June 9, 1975.

Other Members of the National Advisory Council on Education Professions Development are: (see attached sheet).

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July 1975

Excerpt from
Staffing the Learning Society: Recommendations for Federal Legislation (April 1975) *

3. Recommendations

A. For the New EPDA

We believe the revised EPDA should stress in-service education programs for those who hold professional and leadership positions in American education -- teachers, principals and superintendents, board members and trustees, public officials and their staffs responsible for educational policymaking and administration.

Congress intended that EPDA should provide umbrella authority for systematic rather than fragmented educational training programs. Nowhere in other legislation is there satisfactory support for the training of leaders, the development of whole school staffs, teacher centers, or for other imperatives in education. Thus we believe EPDA is needed and should be improved and extended.

To underscore our views on what the new EPDA should look like, in Appendix C we include some edited excerpts from a number of letters the Council received from thoughtful educators and citizens about the future of EPDA.

1. We recommend that the new EPDA emphasize in-service education for teachers, school administrators, and board members, as well as other professionals in education at all levels. Among the education and training approaches recommended are summer training institutes,

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*Report of the National Advisory Council on Education Professions Development teacher centers, teacher leadership training, fellowships for advanced study, seminars and workshops held during the school year.

If the circumstances in 1967 called for stepping up the recruitment of persons into classroom teaching, the circumstances for the present call for something different: an emphasis on in-service education to improve the skills of persons already employed in the education professions.

Teachers and other educators, like any of us, become outdated in their knowledge. The rapid growth of knowledge in all fields of learning places a special burden on professional educators to maintain competence in their fields. Too, recent years have seen a virtual revolution in pedagogy -- new technology and new teaching methods are displacing traditional practice.

Unlike professionals in other fields who may have strong economic incentives to learn about new ways of doing things, teachers have little economic flexibility. They are not independent professionals. While many teachers aggressively pursue courses of study to keep up to date, doing so is often expensive and time-consuming. Special incentives and rewards must be provided in any realistic program of in-service professional development.

In-service education as presently practiced usually takes place on the teacher's own time and at his or her expense. Too often, in-service education has been imposed on teachers from above, without their participation or consultation. For acceptance and maximum impact, it is essential that the intended beneficiaries of in-service education be fully involved in designing, operating, and evaluating programs. The National Council of Teachers of Mathematics (among others) urges that teachers be involved in planning their programs and that incentives such as released time or compensation for participation in programs be provided. Furthermore, teachers should have considerable flexibility in choosing the types of in-service education most suitable to them. Programs should be packaged to meet locally defined needs for training and retraining. Special efforts should be made to reach more minority groups and women.

In-service programs are needed for administrators as well as teachers. For both, programs should be tailored to their work schedules. In addition to courses in education, attention should also go to basic disciplines.

Collaborative approaches to in-service education should be encouraged among school systems, colleges and universities, state education agencies, business and industry, and service agencies. Because the composition of the sponsor of Federally supported programs provides considerable leverage for bringing together affected parties, we believe it is desirable that broadly based consortia --including teachers, school boards, colleges and universities -- be utilized as recipients of grant funds for in-service education programs, wherever appropriate.

2. We recommend that the revised EPDA be broadened to provide authority for teachers and other educational personnel to undertake educational assignments in industry, labor, business, and other professional and service occupations on a part-time basis or for temporary periods.

We believe in-service education should go beyond the classroom and that more reliance should be placed on alternative learning opportunities. For example, much can be learned in the workplace. Since almost every teacher is, in a sense, a career counselor for students, deliberate measures should be taken to broaden the exposure of teachers to the needs of the various careers and professions. Other non-classroom approaches may include library and field research. In his address at Ohio State University in August, President Ford also said we should "open a two-way street... a great new partnership of labor and education... practical problem-solvers can contribute much to education... problem-solvers of the campus can give better tools and methods to the workman." We note with pleasure that Section 504 of the EPDA provides statutory authority to open up one lane of this two-way street! It provides for:

> encouraging artists, craftsmen, artisans, scientists, and persons from other professions and vocations, and homemakers to undertake teaching or related assignments on a part-time basis or for temporary periods.

Just as there is much to be gained, we believe, in bringing representatives of the world of work into the schools and colleges to supplement the regular faculty, so there is much to be gained by bringing educational personnel into the world of work, both for what they can learn from it (and thus pass on to their students) and for what their insights may do to improve it. Consideration might be given to providing Federal funds, on a demonstration basis, to support this concept.

3. We recommend that the revised EPDA provide in-service training programs to help collegiate personnel make the transition from teaching conventional students to preparation for teaching the new learner, i.e. mature adults, including housewives, blue-collar workers, the elderly, and many others not reached by higher education in the past. Grant funds should also be provided for model faculty development programs including, for example, intercampus faculty exchanges, provisions for mixing academic with non-academic employment, innovative teaching and research projects to enhance faculty effectiveness.

Faculty development in a time of budgetary retrenchment in higher education is a vexing problem. For many years research has been the dominant professional motivation of the university scholar. The few elite colleges and universities set a pace to be imitated by many others as the size of the academic profession expanded rapidly to meet the enrollment tidal wave of 18-22 year-olds in the 1950's and the 1960's. Now that enrollments of this age cohort are expected to level off soon and then decline in the 1980's, many colleges and university faculty members face a future for which they are unprepared.

Trained in graduate schools with emphasis on research, many college faculty members are unprepared for their new teaching responsibilities. Increasingly they will face classrooms in which the student mix is drastically different from the past in terms of age, sex, and experience. The new emphasis on lifelong learning for adults, together with a reduction in general funds available for research activity, will bring about fundamental changes in the career development requirements of faculty members.

In view of the growing universe of persons seeking continuing education, faculty members accustomed to teaching only young adults would benefit from in-service programs designed to improve their effectiveness in teaching mature adults. We believe such funds should best be provided on a demonstration basis. Model programs developed in a few institutions could serve to encourage faculty development in others.

4. We recommend that the revised EPDA include provisions for supporting model programs of in-service education for school board members, college and university trustees, and other policymakers.

Education is the only profession traditionally governed by lay citizens rather than professional peers. This is both a strength and a weakness. Among their other functions, lay boards are expected to hold the schools and colleges accountable to the public. While this was a relatively straightforward duty in simpler times, the explosion of knowledge has caught up with even the most able board member or trustee.

School board members and college and university trustees play a pivotal role in American education. They interpret the institution they help govern to the public and are expected to keep the public interest in mind as they consider institutional business. Considerations about staffing the enterprise should include the interests, concerns, and needs of this important governance segment.

Board members and trustees face unprecedented demands on their time and resources. It is they who must resolve the divisive issues, who must try to restore public confidence in our educational institutions, all the while being whipsawed in the climate of mistrust surrounding so much of current politicization of education. Extraordinary measures are called for to provide the continuing knowledge and skill needed by board members, trustees, and legislators in coping with their difficult tasks.

5. We recommend that the revised EPDA make provision for supporting in-service training programs dealing with the various aspects of educational accountability and productivity, to include educational personnel, public officials, and members of school boards.

We believe that the issues of accountability and productivity are serious enough to merit special attention in the new legislation. Institutes and seminars should be provided not only for educational personnel but also for legislators and other public officials and their staff.

It is sometimes assumed that increases in productivity can be achieved in two ways: first, through larger classes, with each instructor teaching a larger number of students, something which tends to reach a diminishing return as classes become lecture halls with lack of differentiation for students with varying interests and abilities. Second, some believe that increased productivity can also be achieved through the use of media to replace the instructor _qua_ instructor or to strengthen his impact or coverage.

In the future students will be receiving instruction and information in a variety of media and via a variety of delivery systems. The messages transmitted may be developed by a curricular team working closely with instructional product technicians. The media "mixes" thus produced will then be made available to students for use wherever and whenever they wish to use them.

As we said earlier, audiovisual technology is no substitute for "real" teachers. Technology should be viewed as a supplement to, not a substitute for, the faculty.

EPDA has been used to develop the professional skills of educational technologists. We believe that the new law should continue the kind of flexibility which will permit our schools and colleges to work toward increases in productivity which may be achieved through technologies, or other means still to be invented or perfected.

6. _We recommend the use of EPDA funds to strengthen the hands_

of the gatekeepers in American education, the staff of state agencies which approve courses for veterans, which license schools and colleges, and the members of visiting teams and board members, on whom Federal agencies rely for determination of eligibility for Federal funds.

A report by our Council, Gatekeepers in Education: A Report on Institutional Licensing (1975) discusses the problem and suggests improvements in greater detail. The report is intended as an example of the uses to which a flexible and responsive EPDA program can and should be put in dealing with the kinds of abuses which have been the subject of recent research and inquiries, both under the sponsorship of the Executive Branch as well as the Legislative Branch of Government.

7. We recommend that the revised EPDA continue the Career Opportunities Program, with emphasis on emerging areas of need for new teachers.

The Career Opportunites Program (COP) is slated to be discontinued by the USOE. We disagree with this decision. The COP program serves as a valuable demonstration of upward mobility in our open society, and helps to advance the idea voiced by President Ford when he called for better linkages between teachers and workers. COP appears to be meeting genuine needs by providing teacher aides in schools while these persons prepare in-service as full-fledged teachers. Indeed, COP can help to meet the objectives of improving the quality of education by bringing into the profession mature adults who have experience in other occupations. COP can help to revitalize the education professions by the continuous infusion of new personnel, which is doubly important in this time of retrenchment.

8. We recommend that the revised EPDA stress integration of evaluation with program development, and that one of the goals of EPDA should be to demonstrate a model review and evaluation process for Federal education training programs.

We are disappointed by the lack of attention given by program administrators to the findings of program evaluations. It is true that the quality of many evaluations leaves much to be desired. We believe that improvement of program evaluation and the implementation of valid findings is an exceedingly important and neglected issue. In a previous publication, Search for Success: Toward Policy on Educational Evaluation (June 1974), this Council made several recommendations concerning needed improvements in conducting and using program evaluations. We believe the new EPDA should provide for improvements in the evaluation process.

9. We recommend that the renewed EPDA provide funds for training or re-training of educational personnel for service in projects designed to increase educational opportunities in their communities. We recommend further that provisions for the utilization of unemployed or underemployed education staff in education-related jobs be provided in public service employment programs.

Much attention is being given now to public employment programs at Federal, state, and local levels to help reduce unemployment rolls. Some funds for jobs in education are now available under the Comprehensive Employment and Training Act. We believe the new EPDA can help by providing funds for the training or re-training of personnel to meet the qualifications for these jobs.

Among the kinds of public service projects which could be financed by Federal funds are: reduction in class size, specialty areas of continuing demand, evening and Saturday classes, research and demonstration aides, early childhood programs, senior citizen centers, pre-retirement counseling, nutrition and school health programs, and providing aid to disadvantaged students. EPDA funds could be used to supplement these projects with training grants. Such an effort would have two effects. First, it would allow persons trained as teachers to use their skills in useful and needed areas. Second, it would help to enlarge educational opportunites for those who seek to broaden their knowledge, skills, and humanistic interests, and thus would elevate our standard of living.

10. We recommend that the Teacher Corps develop model in-service programs.

We note with pleasure that the Congress has shifted the emphasis of Teacher Corps to in-service education (Public Law 93-380). Specifically, the Commissioner of Education has informed our Council that the Teacher Corps, while preserving its basic purpose, is shifting its focus "from the recruitment and training of new teachers for poverty areas to helping local schools reform and improve the education offered poor children by retraining present staff."[24]/ Now it is the responsibility of the U.S. Office of Education to move with all deliberate speed to carry out its new mandate.

11. We recommend a three-year (or longer) extension of this Council with an annual budget at a level sufficient for the Council to carry out its tasks, and no less than $200,000. We recommend further that the Council be administratively independent of the agencies and programs it reviews.

The use of independent Presidentially appointed advisory committees is a well conceptualized governmental device, especially because these committees can provide oversight. We take this opportunity to suggest changes which should be made if advisory councils are to perform this oversight function with greater efficiency, and, even more important, with greater independence. We are mindful of allegations that councils may be co-opted, that they may align themselves with the programs and administrators whom they are supposed to review. Many councils, including ours, are created by and have the same expiration dates as programs they review. There is thus a potential conflict of interest built into the law, since a council may be tempted to become an advocate merely for continuation rather than an independent critic. The remedy, it seems to us, is to make councils like ours independent of the programs we review. In the case of this Council, there is further argument for legislative separation: We are supposed to review all Federally supported educational personnel training programs, of which there are more than 150, in addition to programs under EPDA. (These programs are identified in Appendix A.) In line with this argument for greater autonomy, we believe the Council also should have its own budget and spending authority, subject to specified salary and staffing limitations, and normal audit.

We believe that advisory councils will benefit from regular review. Accordingly, we suggest periodic (perhaps biennial) evaluations of the councils, to be conducted in a manner determined by the Congress and the Administration. These evaluations would include timely recommendations to the Congress as to whether a council should be continued or whether its mandate should be revised. It seems to us economical and efficient that similar reviews of all educational advisory councils be carried out, from time to time, with the aim of evaluating their standards, productivity, and usefulness of oversight.

B. Additional Recommendations to Promote the Quality of American Education

While this report was prepared to help guide revision of EPDA, the Council wishes to make some additional recommendations at this time aimed at current educational needs going beyond EPDA. Discussion to support these recommendations is set forth in Part 2 of this report.

1. We recommend the development of public policies that will encourage adults to continue their education. We further recommend that the Office of Education and the National Institute of Education give greater emphasis to research and development in the education of adults. (Part 2, page 21.)

2. We recommend, as a suitable topic to be included in the proposed White House Conference on Education in 1975, and in education programs during and after the Bicentennial, assessments of how to advance the moral and ethical development of students in schools and colleges. (Part 2, page 39.)

3. We recommend that the National Center for Education Statistics in the Department of Health, Education, and Welfare move with all deliberate speed to strengthen its capability for educational manpower forecasting and monitoring, with emphasis on quality of statistical collection and better dissemination of findings. (Part 2, page 26.)

4. We recommend that the National Institute of Education be more adequately supported in efforts to develop a solid base of research on teaching and learning, and more effective processes for dissemination of findings. We support the new emphasis on dissemination

of research findings proposed in the President's budget for NIE in FY 76. (Part 2, page 38.)

Excerpt from Staffing the Learning Society: Recommendations for Federal Legislation (April 1975)**

Appendix A

Federal Programs with a Component for Professional Education Development

	OMB Catalog Number*
DEPARTMENT OF COMMERCE	
Sea Grant Support	11.417
DEPARTMENT OF DEFENSE	
Civil Defense Architect/Engineer Programs	12.300 12.301 12.324
Civil Defense Education	12.323
Civil Defense-Staff College	12.323
Civil Defense-Staff College Student Expense Program	12.314
Civil Defense-University Extension	12.320
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE	
Aging-Special Support Projects	13.756
Mental Health-Direct Grants, Narcotic Addiction and Drug Abuse	13.254
Mental Health Fellowships	13.241
Mental Health Training Grants	13.244
Mental Health-Direct Grants for Special Projects (Narcotic Addiction and Drug Abuse)	13.254
Disease Control-Training Public Health Workers	13.203
Disease Control-Venereal Disease	13.205
Disease Control-TB	13.204
Occupational Health Training Grants	13.263
Food Research Training Grants	13.104
Radiological Health Training Grants	13.106
Associated Health Professions-Special Improvement Grants	13.377
Associated Health Professions-Special Project Grants	13.305
Associated Health Professions-Traineeship Grants for Advanced Training	13.303
Comprehensive Health Planning-Training, Studies and Demonstration	13.208

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* Reference is to the 1972 edition of Catalog of Federal Domestic Assistance, Office of Management and Budget.

**Report of the National Advisory Council on Education Professions Development

Graduate Training in Public Health-Project Grants	13.338
Health Professions-Special Projects	13.383
Health Professsions Teaching Personnel-Training, Traineeships, and Fellowships	13.385
Health Services Research and Development-Fellowships and Training	13.225
Nurse Training Improvement-Special Projects	13.359
Nursing Professions-Talent Utilization	13.387
Nursing Research Project Grants and Contracts	13.361
Professional Nurse Traineeships	13.358
Professional Public Health Personnel-Traineeships	13.366
Maternal and Child Health Training	13.233
Allergic and Immunologic Diseases	13.855+
Bacterial and Fungus Diseases	13.856+
Viral Diseases	13.857+
Parasitic Diseases	13.858+
Arthritis, Bone and Skin Diseases	13.846+
Diabetes, Endocrinology, and Metabolism	13.847+
Digestive Diseases and Nutrition	13.848+
Kidney Diseases	13.849+
Hematology	13.850+
Cancer Research Manpower	13.389
Population Research	13.864+
Child Health	13.865+
Aging	13.866+
Caries	13.840+
Periodontal and Soft Tissue Diseases	13.841+
Cranio-Facial Anomalies	13.842+
Restorative Materials	13.843+
Pain Control and Behavioral Studies	13.844+
Dental Research Institutes	13.845+
Environmental Health Science Centers	13.872+
Environmental Mutagenesis and Reproductive Toxicology	13.873+
Etiology of Environmental Diseases and Disorders	13.874+
Environmental Pharmacology and Toxicology	13.875+
Environmental Pathogenesis	13.876+
Retinal and Choroidal Diseases	13.867+
Corneal Diseases	13.868+
Cataract	13.869+
Glaucoma	13.870+
Sensory-Motor Disorders and Rehabilitation	13.871+
Pharmacology-Toxicology	13.859+
Biomedical Engineering	13.860+
Clinical and Physiological Sciences	13.861+

+ This indicates programs for which training grant portions provide for educational development of faculty.

Genetics	13.862+
Cellular and Molecular Basis of Disease	13.863+
Heart and Vascular Diseases	13.837+
Lung Diseases	13.838+
Blood Diseases and Resources	13.839+
Communicative Disorders	13.851+
Neurological Disorders	13.852+
Stroke, Nervous System Trauma	13.853+
Fundamental Neurosciences	13.854+
Handicapped-Early Childhood Assistance	13.444
Handicapped Innovative Programs-Deaf Blind Centers	13.445
Handicapped Media Service and Captioned Films	13.446
Handicapped Physical Education and Recreation	13.448
Handicapped Regional Resource Centers	13.450
Handicapped-Research and Demonstration	13.443
Handicapped Teachers Education	13.451
Special Programs for Children with Specific Learning Disabilities	13.520
Educational Personnel Development-Educational Leadership	13.514
Educational Personnel Development-Media Specialists	13.508
Educational Personnel Development-Pupil Personnel	13.509
Educational Personnel Development-Urban-Rural School Development	13.505
Educational Personnel Training-Special Education	13.417
Educational Staff Training-School Personnel Utilization	13.425
Teacher Corps-Operations and Training	13.489
Teacher Training in Developing Institutions	13.507
Training of Teacher Trainers	13.490
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Senator PELL. Our next witness is Mr. Nester and Carol Wennerdahl of the National Council of Higher Education Loan Programs.

STATEMENT OF WILLIAM C. NESTER, PRESIDENT, NATIONAL COUNCIL OF HIGHER EDUCATION LOAN PROGRAMS, ACCOMPANIED BY CAROL WENNERDAHL, DIRECTOR OF STATE AND FEDERAL PROGRAM RELATIONS, NATIONAL COUNCIL OF HIGHER EDUCATION LOAN PROGRAMS

Mr. NESTER. Thank you. My name is William C. Nester, and I am president of the National Council of Higher Education and loan programs.

I am also a director of the New Jersey Higher Education Assistance Authority which administers student loans in the State of New Jersey.

I have with me this morning Mrs. Carol Wennerdahl who is director of the student loan program in Illinois and who, for the last several years, served as a liaison with the Congress and the administration for the Council.

Mr. Chairman and members of the committee. The members of the National Council of Higher Education loan programs are pleased to have the opportunity to present their views regarding student loans as provided for under the Higher Education Act of 1965, as amended.

The members of the council, each with primary responsibility for administering the guaranteed student loan program in a particular State, have from time to time expressed their views before this body in an effort to contribute to the strengthening and further development of the program.

It has always been our aim to move in a direction that helps to provide access and choice to students who wish to further their education. Our purpose today is to express our current feelings and to offer some suggestions as to how we think the program can be strengthened. These suggestions are appended to this statement and we ask that they be included in the record.

Senator PELL. Without objection, they will be printed at the conclusion of your testimony.

Mr. NESTER. Since the inception of the guaranteed student loan program, members of the council have guaranteed approximately $4.5 billion in student loans. We firmly believe that we have administered this program of rather staggering size in both a prudent and responsible manner. Yet we have watched over the last decade as the economics of State government has allowed State programs receiving only 80 percent Federal reimbursement on their default losses to die so that the Federal program which offers 100 percent coverage on defualt losses could be substituted.

It is for this reason that we are asking the Congress to support legislation which brings equality to the percentage of Federal insurance available to all 50 States.

The attached report of loan volume by type of program was recently published by the U.S. Office of Education and shows that lenders in guarantee agency States served almost 10 percent more students during the first 10 months of fiscal year 1975 than were served during the same period in the previous year.

Lenders in federally insured States served 1 percent fewer students than in the previous year. In the Federal program, the State of Colorado shows a 114-percent increase in students because of the efforts of one large proprietary school chain, while the States of Florida and Minnesota experienced great volume increases due to the laudable efforts of new State direct lending efforts. However, if those States' numbers were excluded from Federal programs statistics, the report would show that lenders in the remainder of the Federal States served 7 percent fewer students during the first 10 months of fiscal year 1975 as compared to the same period 1 year earlier.

The guaranty agencies have continued to work very hard to provide the students of their States with a growing, healthy program, and we hope our efforts will be encouraged by amended legislation.

At this point, Mr. Chairman, I would like to digress from the prepared statement to call attention to the fact that 10 States which are members of the council have chosen to invest State funds to supplement the commercial lending efforts in their State.

These programs were developed for a variety of reasons but the fact remains that they are serving a needy population within the respective States.

The council commends them for their effort and requests Congress to consider the added value of these programs based upon local needs when drafting legislation pertaining to student loans.

We are very much aware that one of the great concerns of this subcommittee is the student loan default rate; let me assure you that the council is also concerned. We have reviewed the provisions of S. 1229 which proposes eight amendments which are directed at the default problem. With possible exception of the bill's final provision, which we feel is not broad enough, the council would otherwise support S. 1229. However, we feel that that proposal still does not address the single, greatest weapon against defaults—that is the presence of a local, responsible guarantor who is readily accessible to students, schools and lenders, and who has the ability to closely watch and evaluate the school and lender activity in his State.

There has been some speculation that the default rate of the guaranty agencies was lower than that of the Federal program because we would not serve the higher risk proprietary school student. With the exception of home study students, this is simply not true. And, as we stated to you last September, the mammoth home study schools who were lenders under the Federal program were absorbing most of their defaults and not contributing to the Federal default statistics.

It would be closer to the truth to say that while the guaranty agencies will serve essentially the same students that the Federal program will, the States often require different standards of loan origination.

For instance, most States insist on a third party lender rather than permit an educational lender to blend a student loan application into their admissions process. This requirement does inhibit some recruitment activities of some institutions and it does cause certain loans not to be made under State programs whch would be made under the Federal program. However, our position now appears to have at least partial concurrence from the Federal program administrators who are recommending in the administration's proposals that only proprietary schools not be permitted to lend any longer. While the council's position may inconvenience a few students, we believe that in the long run it affords greater protection to all students. Some of the recent calamities in the Federal program would seem to support that position.

Mr. Chairman, the council is also very much concerned about apparent weaknesses in the accreditation process by which educational institutions are deemed eligible to participate in the guaranteed student loan program. There seems to be a direct relationship between that process and the default problem which must be recognized. The accreditation process should be strengthened and might include a more active role for the States.

In closing, we want to call attention to a serious problem of growing proportion. Reference is made to the unemployment rate of our borrowers which, during the past several months, has reached rather staggering size. While national unemployment figures are high, the same figures for those persons under 24 years of age are almost double. This is causing much anguish among many well-intended borrowers who have no choice frequently but to suffer, against their will, the embarrassment of defaulting on their student loans.

While they offer a promise to repay their guarantor whenever humanly possible, this scourge of unemployment will wreak havoc with the repayment of all student loans in all programs.

Noting that the chairman and other members of this subcommittee also serve on the Labor Subcommittee, we would urge you to employ whatever power and influence at your disposal to institute steps to turn around this devastating unemployment problem and problems related to it.

Thank you for the opportunity of appearing before you. We hope you will find these remarks helpful in your future deliberations.

And now, Mr. Chairman, if you have any questions, we would be pleased to respond to the best of our ability.

Senator PELL. Thank you very much, indeed, Mr. Nester.

At last year's hearing on the guaranteed student loan program, we discussed the thought that the total Federal student loan insurance program should be State operated, and I asked for information that would substantiate the claim of the State programs of operation at a small or administrative cost with fewer defaults. I never really received any specific information in this regard. I was wondering if you could give us now or would care to submit that information for the record.

Mr. NESTER. As to the State operation costs?

Senator PELL. As to the degree of efficiency. Efficiency in the operation for dollars and number of loans expended, and also, the ratio of defaults in the State operated program as opposed to the federally operated program.

Mr. NESTER. Mr. Chairman, I have no figures with me at this time relating to our State agencies' operating expenses. I do recall, however, that we indicated at the hearing last September that the guarantee agencies' default rates—and by default we mean any loan repurchased by the guarantor, regardless of the reason, and regardless of the account's current status—were averaging somewhere between 5 and 7 percent in the individual States.

Very accurately, I can tell you at this time in the State of New Jersey, our default rate is running slightly below 5 percent.

Senator PELL. Are you sure of those figures, because the national figures are between 18 and 24 percent default rate.

Mr. NESTER. Yes, sir.

Senator PELL. Then that State program default rate is less than a third of the national rate.

Mr. NESTER. Yes, sir.

Senator PELL. I do not think those figures could be correct because the 18 to 24 percent takes into account the State programs; does it not? What would be the reason for the State programs being so different?

Mr. NESTER. I think the reason why the State programs have the difference—and my comments are based largely on my own very close knowledge in a particular State—and that is the fact that we work very closely with the elements of the program, primarily the lending institutions themselves and the students.

We are in frequent contact with our lenders throughout the State. In many of our States, if a problem arises in an institution—such as a loss of a person who has been operating the student loan program for a lender—within a very short term, and certainly within 24 hours in the State of New Jersey, we will visit that institution personally, and assist them with their problem, whether it be a problem of processing their loans or locating students whose whereabouts are unknown, and so on.

Another factor is that most of your State agencies have developed a program of assistance to the lender where they ask the lender to notify them when they have difficulty in collecting student loans. Before the loan is declared in default, not only is the lender making an attempt to collect the loan, but the guarantor also contacts the student in an effort to resolve the problem. So, the student has in effect, two people contacting him. I think these kinds of things has helped to reduce the default rate.

Senator PELL. Do the State programs have the same restrictions as to who is eligible for a loan? In other words, do the proprietary school students have the same eligibility under the State program as in the Federal program?

Mr. **Nester**. Yes; many of the guarantee agencies will not guarantee loans to the students attending home study schools.

Senator **Pell**. What about the regular proprietary school?

Mr. **Nester**. The regular proprietary school, they will; yes.

Senator **Pell**. This is a point that the committee should look into very deeply because if these statistics hold up, and if your rates are as you say less than a third of the Federal default rate, well then it seems to us that the committee might well be advised to go completely the State route. We are in a very difficult position now, not only for the taxpayer who has to make up the current high rate of loss but also for the young person who goes through life feeling that he is a welcher on the money that was lent to him. I think that will adversely affect his development.

Mr. **Nester**. Mr. Chairman, I would like, if I may, have Mrs. Wennerdahl at this time address this point because of her particular experience with schools in this area.

Mrs. **Wennerdahl**. Mr. Chairman, I want to concur with Mr. Nester's statement that the States do, in fact, assist their lenders in trying to cure a default claim before it is paid off. The success rate in my State is approximately 50 percent. This means that about one-half of the claims that otherwise would have been reimbursed as a default, because of the State's efforts with the delinquent borrowers, instead are left with the lender.

Also, I want to support what Mr. Nester said about our very close supervision of the loan application process. Just within the last 2 weeks, my staff brought to me a bundle of applications which concerned them. These applications were all from the same lender and school, and the student sections of the applications were all typed on the same typewriter. Since this is unusual, we called the first six students to question them about their loan applications. One student didn't know she had requested a loan, although she remembered signing a lot of papers for the school. Another knew of the loan, but thought it was of the Federal type that need not be repaid. Other students knew of the loan, but did not know who their lender was. It was obvious to my staff and I that the counseling those students received was either nonexistent or very poor. We immediately called both the school and the lender, and we required some changes in their procedures. Those loans have since been processed, but only after we assured ourselves that the students had been properly counseled concerning the terms of their loans and their personal responsibilities.

This is the type of close supervision that is just not possible on a national level.

Senator **Pell**. But, as of now, only 24 States have this program in effect. How can one push the other States in doing that?

Mrs. **Wennerdahl**. It is nothing more than a question of economics, sir. The States which have agencies must bear 20 percent of all default losses and 100 percent of all administrative costs, while our neighboring States where the federally insured loan program is operative bear no expense whatever. Each year, when I approach my State officers to request my annual administrative budget, I feel a great pressure to always ask for less than I really need to do a proper job. I fear asking for too much because all of us in State guarantee agencies are constantly faced with extinction when our costs reach that point where our legislatures or our Governors, in their struggles to balance State budgets, will decide to follow the example of a neighboring State who let their guarantee agency die in favor of the free Federal program.

Senator PELL. Maybe we could provide some language in a bill that would provide more incentive for the States to do this. As of now, your success has not been equalled by the Federal Government, or picked up by the other State governments and maybe some legislation could be worked out along that line.

Mrs. WENNERDAHL. Referring to our earlier discussion concerning State default rates, I might just mention that the default rate for the Rhode Island guarantee agency is in the 5- to 6-percent range, depending on whether you are computing the rate on the percentage of borrowers or dollars.

Senator PELL. One of the reasons could be the $1,500 top limit whereas the Federal rate is $2,500, and obviously, this is having an effect in reducing the defaults, would it not?

Mr. NESTER. In New Jersey, we have a $2,500 maximum and their default rate is certainly comparable to what Rhode Island is experiencing.

Senator PELL. Very, very interesting.

Do you think it might help if you used coupon books that loan students could check off and thus know at a certain date or a certain time that they owe a repayment?

Mr. NESTER. Mr. Chairman, the States approach this problem in different ways. For instance, in New Jersey, we print a "Statement of Responsibility" on the reverse side of the student loan note that he signed. A copy of that note is in possession of the student and could be used as a check-off list which instructs the borrower what to do when he or she leaves school for any reason, if there is a change in address, or if a female borrower changes her name due to marriage, and so forth. I believe such a "Statement of Responsibility" is also used in Illinois, and it is issued to the student at the time the loan is originated.

Senator PELL. Thank you for these thoughts and testimony. We may be back in touch with you to see how we can improve our own legislation. This is the kind of testimony that is very helpful to this committee.

Thank you for being with us.

With unanimous consent, I order printed in the record the prepared statement of Mr. Nester and material made available to the Subcommittee on Education pertaining to the Guaranteed Student Loan program.

NATIONAL COUNCIL OF HIGHER EDUCATION LOAN PROGRAMS

William C. Nester, President
New Jersey

James A. Leamer, Jr., Treasurer
Maryland

Jay Evans, Past President
Pennsylvania

Robert F. Zeigler, President Elect
Ohio

Mrs. Gwen Davis, Secretary
North Carolina

Statement by

William C. Nester, President

National Council of Higher Education Loan Programs

Before the

Subcommittee on Education

Committee on Labor and Public Welfare

U.S. Senate

Thursday, July 17, 1975

10:00 a.m.

Mr. Chairman and members of the committee.

The members of the National Council of Higher Education Loan Programs are pleased to have the opportunity to present their views regarding student loans as provided for under the Higher Education Act of 1965, as amended. The members of the Council, each with primary responsibility for administering the program in a particular state, have from time to time expressed their views before this body in an effort to contribute to the strengthening and further development of the program. It has always been our aim to move in a direction that helps to provide access and choice to students who wish to further their education. Our purpose today is to express our current feelings and to offer some suggestions as to how we think the program can be strengthened. These suggestions are appended to this statement and we ask that they be included in the record.

Since the inception of the Guaranteed Student Loan Program, members of the Council have guaranteed approximately $4.5 billion dollars in student loans. We firmly believe that we have administered this program of rather staggering size in both a prudent and responsible manner. Yet we have watched over the last decade as the economics of state government has allowed state programs receiving only 80% federal reimbursement on their default losses to die so that the federal program which offers 100% coverage on default losses could be substituted. It is for this reason that we are asking the Congress to support legislation which brings equity to the percentage of federal insurance or reinsurance available to all fifty states.

The attached report of loan volume by type of program was recently published by the U.S. Office of Education and shows that lenders in guaranty agency states served almost 10% more students during the first ten months of fiscal year 1975 than were served during the same period in the previous year. Lenders in federally insured states served 1% fewer students than in the previous year. In the federal program, the state of Colorado shows a 114% increase in students because of the efforts of one large proprietary school chain, while the states of Florida and Minnesota experienced great volume increases due to the laudable efforts of new state direct lending efforts. However, if those states' numbers were excluded from federal program statistics, the report would show that lenders in the remainder of the federal states served 13% fewer students during the first ten months of fiscal year 1975 as compared to the same period one year earlier. The guaranty agencies have continued to work very hard to provide the students of their states with a growing, healthy program, and we hope our efforts will be encouraged by amended legislation.

We are very much aware that one of the great concerns of this Subcommittee is the student loan default rate; let me assure you that the Council is also concerned. We have reviewed the provisions of S.1229 which proposes eight amendments which are directed at the default problem. With possible exception of the final provision of the bill, the Council would otherwise support S.1229. However, we feel that that proposal still does not address the single, greatest weapon against defaults---that is the presence of a local, responsible guarantor who is readily accessible to students, schools and lenders, and who has the ability to closely watch and evaluate the school and lender activity in his state. There has been some speculation that the default rate of the guaranty agencies was lower than that of the federal program because we would not serve the higher risk proprietary school student. With the exception of home study students, this is simply not true. And, as we stated to you last September, the mammoth home study schools who were lenders under the federal program were absorbing most of their defaults and not contributing to the federal default statistics.

It would be closer to the truth to say that while the guaranty agencies will serve essentially the same students that the federal program will, the states often require different standards of loan origination. For instance, most states insist on a third-party lender rather than permit an educational lender to blend a student loan application into their admissions process. This interferes significantly with some recruitment activities of some institutions, and it does cause certain loans not to be made under state programs which would be made under the federal program. However, our position appears to have at least partial concurrence from the federal program administrators who are recommending in the Administration's proposals that proprietary schools not be permitted to lend any longer. While the Council's position may inconvenience some students, we believe that in the long run it affords greater protection to all students. Some of the recent calamities in the federal program would seem to support that position.

Mr. Chairman, the Council is also very much concerned about apparent weaknesses in the accreditation process by which educational institutions are deemed eligible to participate in the Guaranteed Student Loan Program. There seems to be a direct relationship between that process and the default problem which must be recognized. The accreditation process should be strengthened and might include a more active role for the states.

In closing, we want to call attention to a serious problem of growing proportion. Reference is made to the unemployment rate of our borrowers which, during the past several months, has reached rather staggering size. While national unemployment figures are high, the same figures for those persons under 24 years of age are almost double. This is causing much anguish among many well intended borrowers who have no choice frequently but to suffer against their will the embarrassment of defaulting on their student loans. While they offer a promise to repay their guarantor whenever humanly possible, this scourge of unemployment will wreak havoc with the repayment of all student loans in all programs. Noting that the Chairman and other members of this Subcommittee also serve on the Labor Subcommittee, we would urge you to employ whatever power and influence at your disposal to institute steps to turn around this devastating unemployment problem and problems related to it.

Thank you for the opportunity of appearing before you. We hope you will find these remarks helpful in your future deliberations. And now, Mr. Chairman, if you have any questions we would be pleased to respond to the best of our ability.

ADDENDUM

Suggested Changes To
Title IV, Part B of the Higher Education Act of 1965, as Amended
(Student Loan Guaranty Legislation)

Supported by N.C.H.E.L.P.

Based upon ten years of experience and firm conviction that the Guaranteed Student Loan Program can be made a more viable means of financially assisting millions of young people throughout the country to further their education, the National Council of Higher Education Loan Programs endorses the following suggested changes to the program:

1. Amend the legislation to achieve greater equity of federal investment in all states, regardless of who acts as insurer/guarantor.

   One of the purposes of the Higher Education Act of 1965 was to encourage the establishment of state or private, non-profit guaranty agencies. Congress originally appropriated "seed money" to encourage states to create an agency to administer the student loan program and then, in 1968, reinforced that support by providing a "reinsurance" program to assure the adequacy of reserve funds to guaranty the loans. While this meant the federal liability was only 80% of principal in those states without a guaranty agency, the federal liability remained at 100% of principal and. in 1972, covered 100% of interest as well. The Congress is urged, therefore, to provide that the ratio of federal liability for payment of both principal and interest on defaulted loans shall be equal in all states regardless of whether such loans are insured by the federal government or by a state or private guarantor.

2. Amend the legislation to equalize the federal government and state agency responsibility for payment of collection costs for defaulted loans.

   The state agency currently assumes 100% of collection costs which can cause it to lose money in the transaction, i.e. a loan principal of $1500 if litigated costs the state agency $1700---80% reinsurance to the federal government amounting to $1200 plus a $500 litigation fee. The collection costs on that same loan in a non-guaranty agency state would be underwritten 100% by the federal government. Therefore, the Congress is requested to provide for equal responsibility in payment of collection costs.

3. Amend the legislation to provide for greater flexibility in beginning repayment of student loans.

   Present legislation prohibits a lender from executing a repayment schedule that begins sooner than nine months after withdrawal or graduation from school. Discouraging the repayment of any money is a bad credit principal. This inflexible nine month grace period also causes the bulk of the lender's yearly collection work to come due within a one or two month period. The Congress should provide for repayment to begin at a time mutually agreeable to borrower and lender but not to exceed twelve months following withdrawal from school or graduation.

4. Amend the legislation to permit a repayment schedule of less than five years.

   The borrower who is able and wants to repay in less than the required five years is penalized by having to pay more interest than he would for a shorter repayment schedule. Pre-paying by borrowers causes additional bookkeeping problems for lenders. Protection could be afforded the borrower by prohibiting the lender from filing a default claim on such a note until he demonstrates that he has sent in writing to the borrower an offer to refinance the note on an alternative repayment schedule having payments no greater than would have been the payments had the original note been financed over sixty months. The Congress is urged to permit a repayment schedule of less than five years when mutually agreed to by borrower and lender.

5. Amend legislation pertaining to bankruptcy to grant a five year moratorium on student loan dischargeability.

   Many guarantors believe that most student loan bankruptcies are truly unnecessary, and some appear to be a premeditated "easy out" for the borrower to relieve himself of this financial obligation. The "premeditated" bankrupt would be reluctant to file after the five year period because a certain amount of assets would have been accumulated by that time. The Congress is urged to amend the bankruptcy law in such a manner as to provide for the non-dischargeability of guaranteed student loans in bankruptcy during the in-school period and during an additional five years from the date repayment is scheduled to begin.

6. Amend legislation pertaining to the special allowance as provided for under the Emergency Insured Student Loan Act of 1969.

The current ceiling of 3% on special allowance should be reviewed with a view toward lifting that ceiling to increase the yield on outstanding student loan portfolios. The yield should be tied to a cost of money indicator. The Congress is requested to amend legislation to provide a clearer understanding of how special allowance is determined and to provide a better return to the lender to assure continued participation of commercial lenders in the program. The special allowance should be made applicable to all eligible loans made under the Higher Education Act of 1965, as amended.

7. Amend legislation to provide interest subsidy benefits to that portion of the middle income families originally covered.

The adjusted family income level for automatic interest subsidy benefits was set at $15,000 in 1965. Because of the inflationary spiral during the past ten years, it would take about $23,000 today to purchase comparable goods and services. For this reason, the Congress is requested to raise the qualifying adjusted family income level to at least $20,000.

8. Amend the legislation to provide temporary relief from repayment to those unfortunate students unable to obtain employment.

The last few months has seen steadily growing unemployment among student loan borrowers many of whom had already begun repayment. This increased unemployment has caused delinquencies and subsequent defaults at a considerable cost to both state and federal governments at a time when much effort is being made to reverse that trend. Therefore, the Congress is urged to provide, for those who are unemployed through no fault of their own, the same benefits called for under the authorized period of deferment section (Section 427 (a) (2) (C)) of the Higher Education Act of 1965, as amended.

GUARANTEED STUDENT LOAN PROGRAM

LOAN VOLUME BY TYPE OF PROGRAM

April 1975

STATES	MONTH OF APRIL		PERCENT CHANGE*		CUMULATIVE FISCAL YEAR		PERCENT CHANGE*	
	NUMBER	AMOUNT	No.	Amt.	NUMBER	AMOUNT	No.	Amt.
FEDERAL								
Alabama	333	346,257	-19.5	-18.3	7,582	9,465,896	4.7	21.2
Arizona	336	380,556	-4.9	-23.2	5,621	7,441,050	11.7	5.7
California	2,959	3,423,855	-1.9	-5.0	63,310	86,427,587	6.0	12.9
Colorado	1,011	1,615,059	9.9	-0.6	26,705	41,465,466	114.0	114.4
D. C.	77	117,446	48.1	36.5	2,272	3,533,706	68.5	70.9
Florida	1,193	1,655,078	42.9	59.2	17,850	26,563,159	29.9	41.4
Hawaii	17	23,800	6.3	36.9	1,573	2,364,817	5.0	14.0
Idaho	32	38,935	10.8	5.4	1,278	1,494,991	-10.9	-7.4
Indiana	716	843,637	-25.7	-33.7	18,159	25,534,873	-3.4	5.9
Iowa	464	593,188	47.8	83.3	11,791	15,472,147	9.2	21.1
Kansas	433	575,257	-49.9	-47.2	6,633	8,954,634	-15.8	-9.5
Kentucky	227	271,976	-27.6	-27.6	6,273	8,105,370	0.9	1.7
Minnesota	922	1,255,032	17.8	36.8	27,059	31,170,539	38.0	59.8
Mississippi	227	294,370	13.5	55.2	3,403	4,394,920	-14.6	-7.2
Missouri	991	1,182,957	47.3	40.6	11,963	15,896,559	21.7	31.2
Montana	112	114,560	-10.9	-21.5	2,627	3,413,081	4.8	-16.0
Nebraska	174	211,134	-4.9	-1.8	5,227	6,588,726	-1.0	6.6
New Mexico	147	119,407	22.5	4.0	4,768	4,883,492	18.8	27.5
North Dakota	215	155,097	33.6	30.1	6,847	6,678,277	20.2	12.1
South Dakota	129	133,028	-23.8	-12.5	5,077	6,297,464	4.9	17.6
Texas	2,625	2,634,475	-19.5	-19.0	37,305	43,788,196	-7.3	-5.3
Utah	68	94,408	9.7	30.4	1,822	2,150,723	-22.3	-12.5
Vermont	26	27,624	-17.8	-15.3	815	1,005,353	-8.4	-7.4
Washington	294	298,574	45.5	69.7	7,285	9,425,767	-7.0	0.5
West Virginia	161	239,127	21.1	37.8	3,559	4,506,747	-0.7	7.1
Wyoming	15	21,465	66.7	86.1	493	763,014	22.4	47.1
Am. Samoa	-	-	-	-	62	97,050	53.0	16.7
Guam	1	1,500	-	-	18	25,665	83.6	147.9
Puerto Rico	31	56,744	-40.4	-38.0	7,335	8,559,552	-11.8	-6.8
ALL OTHERS	3,194	[illegible]	[illegible]	-33.0	350,078	187,833,079	[illegible]	-13.5
GUARANTEE AGENCIES								
Alaska	5	4,072	-76.5	-86.2	172	166,677	-26.7	-40.5
Arkansas	77	87,181	108.1	62.4	2,447	2,638,894	-3.0	1.1
Connecticut	563	561,299	69.0	83.8	25,730	35,335,696	14.2	8.4
Delaware	28	26,057	150.0	110.2	2,257	1,795,070	33.8	60.0
D. C.	-	-	-	-	1,608	1,709,588	13.2	15.6
Georgia	348	357,014	35.8	35.8	8,414	9,839,670	21.0	26.7
Illinois	517	1,003,620	-10.2	-28.4	27,155	36,455,921	12.1	19.3
Louisiana	24	35,233	-22.6	-23.1	5,283	5,838,640	13.2	28.2
Maine	117	115,678	-6.9	-7.3	4,843	5,076,473	7.2	13.6
Maryland	161	218,199	54.8	68.6	4,801	6,007,975	-5.1	2.5
Massachusetts	458	857,833	-17.9	-12.1	22,844	32,225,860	9.4	18.1
Michigan	916	997,675	60.4	75.0	16,467	18,955,704	22.5	28.7
Nevada	70	74,491	100.0	175.8	1,305	1,494,688	76.0	94.9
New Hampshire	35	34,950	6.2	11.2	2,364	2,640,210	9.0	13.9
New Jersey	533	751,667	20.6	22.8	22,147	43,377,724	5.0	12.2
New York	3,764	4,360,055	39.5	48.9	118,750	160,134,670	12.7	20.5
North Carolina	59	37,825	321.4	267.4	3,892	4,478,695	14.5	23.4
Ohio	656	693,960	18.0	11.2	15,849	74,461,974	7.3	19.5
Oklahoma	46	24,644	31.4	34.8	3,189	2,703,759	14.4	12.2
Oregon	365	348,778	25.7	38.3	6,813	7,412,216	12.1	19.5
Pennsylvania	2,105	2,526,554	22.2	-27.9	63,218	68,989,562	3.3	14.3
Rhode Island	88	93,606	2.3	-11.4	5,625	6,999,078	14.0	17.7
Tennessee	254	355,774	77.0	43.0	4,181	5,925,475	0.2	13.7
Vermont	40	47,236	-36.5	-21.7	2,184	2,410,465	19.9	20.8
Virginia	106	119,534	-16.5	-6.0	8,253	10,578,297	6.2	20.5
Wisconsin	626	537,379	-16.8	0.4	33,243	20,270,628	16.8	28.6
USAF	250	329,695	-7.8	-0.1	6,040	7,880,587	8.1	24.3
TOTAL PROGRAM								
Federal Program	13,474	[illegible]	-25.8	-17.7	440,100	575,334,359	-1.2	7.0
G. A. Program	12,636	14,630,833	18.6	24.1	420,310	559,880,707	9.8	17.5
TOTAL	26,110	[illegible]	-14.6	-7.2	870,910	1,135,215,065	4.0	11.3

* Percent Change from same period last year.

The Factory Point National Bank
OF MANCHESTER CENTER, VT.

PHYLLIS BINKLEY
ASSISTANT VICE PRESIDENT

JAN 8 1975

January 6, 1975

Senator Claiborne Pell, Chairman
Education Subcommittee
Senate Labor and Public Welfare Committee
U. S. Senate
Washington, D. C.

Dear Senator Pell:

As student loan officer of this bank and as a concerned taxpayer I offer the following suggestion to help prevent further defaults in loans made under the guaranteed student loan program: Allow banks and other lenders to require parental cosignature on loans if they deem it necessary or advisable, and make the cosigner(s) liable in case of delinquency or default. This would discourage the too-casual acceptance of educational loans by both students and parents and would assure greater parental cooperation in the pursuit of delinquent or defaulted loans.

Very truly yours,

Phyllis Binkley

Management Marketing Consultants

P.O. BOX 15781
NEW ORLEANS, LOUISIANA 70175

JUN 4 1975

June 2, 1975

Honorable Claiborne Pell
Chairman, Subcommittee on Education
Committee Room 4230
Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator:

I originally contacted you in a letter dated May 5, 1975. In that correspondence, I recounted the particulars of my firm's desires to serve the government in the capacity of consultants with respect to problems being faced by the Department of Health, Education and Welfare in the administration of the National Direct Student Loan Program. Specifically, I hoped that my expertise in the area of Collections could help HEW to attenuate the default rate on Student Loans. In that same letter, I narrated the facts concerning my exchanges of communication with HEW and its representative, Mr. J. Fred Wells, Chief, Policies and Procedures Section.

In your reply of May 8, 1975, you indicated that it appeared that they had thoroughly covered my inquiry. They most certainly did and it was done in a courteous, helpful manner. You further proposed that I follow through on the suggestions made in their March 20, 1975, communication. To wit: Contract with individual institutions. Please allow me to emphasize a point relative to your suggestion. It is not within the means of individual institutions to hire a consultant as the 3% of the total yearly loans which is available for administrative costs puts such consultation beyond their reach. The Program, as currently constituted, does not provide the proper incentive to a participating institution that would cause it to exceed its budget in an effort to reduce the loan default rate. So, although I appreciate your suggestion, it is not feasible.

Perhaps my original letter misled you. I am not critical of Mr. Wells -- he has been exceedingly generous in giving me his time and consideration to my proposals. Rather, his hands, HEW's hands are tied. Whether they find merit in my proposals or not, Title IV of the Higher Education Act of 1965 makes no provisions for contracting the services of an individual such as myself. As this Act nears its expiration date of June 30, 1976, legislative proposals (HR 3471, HR 4376, HR 2786, HR 3470, and S-1229 to mention a few) are beginning to appear. Would it not be possible to attach to any final legislation, authorization that would enable HEW to contract the services of an expert in the field of collections? Not a collection agency, but an individual who could train Financial Aid Officers in the nuances of collection procedures.

Senator Pell, I propose that Congress enact enabling legislation that would allow a pilot program to be conducted prior to the expiration of the Higher Education Act. This program would involve training Financial Aid Officers in collection procedures on a Regional or Sub-Regional basis. If done soon enough, this would allow time to evaluate the efficacy of such an approach and would provide data useful to decisions to be made in revising the current Act. I further propose that Management Marketing Consultants be considered as consultants for such a program.

Thanking you for considering my proposal, I remain

Sincerely yours,

Michael L. Garcia
Executive Director

MLG/cmb

RESOLUTION URGING AMENDMENT OF THE BANKRUPTCY ACT

WHEREAS, education loans are different from most loans discharged in bankruptcy since students obtain permanent educational benefits from these loans, and

WHEREAS, collateral is not required to obtain a student loan under the provisions of the Federal Insured Student Loan Program, and

WHEREAS, student declarations of bankruptcy can be used to avoid repayment of student loans, and

WHEREAS, frequent student declarations of bankruptcy can undermine education loan programs, and

WHEREAS, a grace period following the completion of school, during which student loan obligations could not be discharged by bankruptcy, would permit only declarations of bankruptcy for purposes other than that of solely avoiding education loan obligations,

NOW THEREFORE BE IT RESOLVED by the Higher Education Coordinating Commission, that Congress amend the Bankruptcy Act so that student loan obligations will no longer be discharged by an adjudication of bankruptcy during either the in-school period or an additional five-year period following the completion of school, as recommended by the National Council of Higher Education Loan Programs.

As adopted by the Minnesota Higher Education Coordinating Commission, February 27, 1975.

e Oregon College of Business
400 Earhart Street • Medford, Oregon 97501 (503) 779-5581

May 28, 1975

Senator Mark Hatfield
Senate Building
Washington, D.C. 20000

Dear Senator Hatfield:

I read with interest S. 1229 ("A bill to amend the Higher Education Act of 1965 to decrease the amount of defaults under the guaranteed student loan program, to amend the Bankruptcy Act to limit the dischargability in bankruptcy of educational debts, and for other purposes,") and particular comments pertaining to that bill which were printed in the CONGRESSIONAL RECORD of the Senate for March 18, 1975.

I object to only one provision of the bill; the part that would hold, in effect, only proprietary institutions accountable for any purported excesses by making them ineligible by law to be lenders in the guaranteed student loan program.

The authors of the bill have attempted to rectify a situation that has been a total disgrace to postsecondary education in America; the high incidence of default of guaranteed student loans. But the authors would do well in accomplishing their objectives if, instead of only taking punitive measures against "bad apple" proprietary schools, they would extend the provisions to apply to all the "bad apple" postsecondary institutions, public as well as private.

To single out only the proprietary sector is to wink at excesses committed by all other institutions. As the bill reads now, it is an invidious, discriminatory measure. Were it made applicable to all institutions, it would be a most healthy device for controlling the wastes of all.

As for The Oregon College of Business, we would welcome the opportunity to be measured for effectiveness against any institution, public, private or proprietary. We would stand well in accountability, but would resent having a double standard applied to us.

I find it hard to believe that equal rights under the law is too much to ask of the Congress of The United States of America.

Sincerely yours,

Robert W. Hague

Robert W. Hague
President

RWH/jr

JUN 9 1975

COMMONWEALTH OF PENNSYLVANIA
HIGHER EDUCATION ASSISTANCE AGENCY
TOWNE HOUSE
HARRISBURG, PENNSYLVANIA 17102

KENNETH R. REEHER
EXECUTIVE DIRECTOR

1975 June 6

The Honorable Claiborne Pell
Chairman
United States Senate
Subcommittee on Education
Committee on Labor and Public Welfare
Washington, D. C. 20510

Dear Senator Pell:

During the last few months, this Agency, as well as other state guarantors, have seen steadily growing unemployment among borrowers in the student loan program. This increased unemployment has caused delinquencies and subsequent defaults even though the statute's forbearance provisions permit lenders to defer the repayment of any principal amount owed. Many lenders who are willing to defer the repayment of any principal amount owed are reluctant to defer the interest income accruing on those loans because of the inability of many unemployed to meet even the interest payments. These payments, which in the case of a student owing $5,000 could be close to $30 per month, have caused some well-intentioned borrowers to default on their loans.

Based upon this economic situation, I am asking that those borrowers, who are unemployed through no fault of their own, receive the same benefits called for under the authorized period of deferment section of the Higher Education Act of 1965, as amended, under Section 427(a)(2)(C). By granting the unemployed borrower an authorized deferment of principal and interest subsidy paid on his behalf, the loans will be kept with the lenders rather than in default. A 7 percent expenditure paid by the Federal government, plus special allowance, is cheaper than the cost of pursuit, filing of judgments and liens, and the image of the program would be maintained. I might also add that an authorized deferment of this type would tend to keep bankruptcy from growing. By legislating an unemployment deferment with interest subsidy, state expenditures which include a 20 percent loss on defaulted accounts and payment of all program administrative costs could be reduced. Without this change, it is likely that some state agencies may not be able to continue operation as a guarantor which would require them to enroll in the FISL program and have all of the pursuit and insurance costs borne by the Federal government.

I thank you for your consideration of this change to the Higher Education Act and, if you have further questions on this matter, please do not hesitate to contact me at the Agency.

Sincerely yours,

Ken Reeher
Kenneth R. Reeher

KRR:jwe

PENNSYLVANIA HIGHER EDUCATION ASSISTANCE AGENCY
TOWNE HOUSE
HARRISBURG, PENNSYLVANIA 17102

1975 June 23

Kenneth R. Reeher, Executive Director

The Honorable Claiborne Pell
Chairman
United States Senate
Subcommittee on Education
Committee on Labor and Public Welfare
Washington, D. C. 20510

Dear Senator Pell:

A major concern of those of us who continue to operate a state guaranteed student loan program is how long we can continue to keep our states exposed to 20 percent of all principal lost through defaults, 100 percent of all interest paid lenders on defaulted loans, 100 percent of all costs of administration in making loan guaranties, pursuit of defaulters, collection of loans, and legal pursuit of student defaulters.

As you know, the expenses to which PHEAA has Pennsylvania exposed are paid 100 percent by the federal government in those states which have elected not to have a state agency or to close down their state program. This year it is costing Pennsylvania $5.8 million to operate the program. It would be interesting to compare this against the federal cost to operate the program in California or a comparable state. I have encluded in my cost calculation the purchase of defaults (at 20 percent), interest paid on defaults, costs of administration of guaranty function, pursuit of delinquent and defaulted borrowers, cost of filing loans with credit bureaus, cost of filing judgements with a prothonotary, cost of civil suits to claim defaulter's assets, cost of criminal suits in fraud cases, cost to bill and collect monthly payments from defaulters, cost to bill USOE for reinsurance and to calculate and transmit to USOE 80 percent of all collections PHEAA receives from defaulters.

Is it any wonder that this legislation has failed to develop new state agencies and has moved most of us to the position where we must "get out" if we don't get federal benefits equal to those in states which have opted to allow implementation of the "standby" direct federal program. It is obvious that such should include 100 percent reinsurance and federal subsidy of administrative expenses in state operated programs. Administrative reimbursement should approach full costs as it does in states utilizing the direct federal program. In return, I think we can offer better student and lender service, administrative cost reduction, more desirable default ratio, and improved pursuit and collection activities once loans are in default.

Thank you for considering changes to the Higher Education Act which would promote the student loan program operated by state agencies and, if you have further questions on this matter, please do not hesitate to contact me at the Agency.

Sincerely yours,

Ken Reeher

Kenneth R. Reeher

KRR:jwe

Senator Pell. The committee is recessed until the call of the chair.

[Whereupon, at 12:47 p.m., the subcommittee was recessed until the call of the Chair.]

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